Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Vakıfbank has been established in 1954 with a cooperation of several Turkish Foundations as an incorporation company and has become one of Turkey's leading banks. The Bank's founding mission was to manage and use the assets of foundations in the most efficient manner, to contribute to Turkey's savings rate based on modern banking principles, and to channel the deposits collected toward the country's economic development. Vakıfbank offers corporate, commercial and small business banking products and services as well as individual and private banking, specializing in all financial areas. In addition to basic banking products and services, Vakıfbank has investment banking and capital market activities, where Vakıfbank has been playing a leading role in domestic and foreign trade financing. It also offers insurance through financial subsidiaries of leasing and factoring services to its customers located up a wide range of financial products with high technology required age. Vakıfbank offers its services to individual and corporate customers with its branches over 900 spreading over the country, as well as with the alternative distribution channels supported by advanced technology. Vakıfbank has branches abroad such as the New York branch in US, Erbil branch in Northern Iraq as well as a banking branch in Bahrain coast. Vakıfbank's last overseas branch is opened in Qatar. Also, Vakıfbank operates in Austria with a subsidiary, Vakıfbank International AG, which has branches in Vienna and Cologne. Vakıfbank's other subsidiaries are Vakıf Faktoring, Vakıf Leasing, Vakıf Yatırım, Vakıf Yatırım Ortaklığı, Vakıf GYO, Taksim International Group Hotels, Vakıf Gayrimenkul Değerleme, Vakıf Pazarlama, Vakıf Enerji ve Madencilik, Vakıf PayS. By BIST Sustainability Index, Borsa İstanbul listed companies based on the international sustainability criteria. The assessment is based upon only publicly available information. In 2014, Vakıfbank has been one of the first four banks and the only public bank that satisfied the Sustainability Criteria developed for the BIST Sustainability Index and Vakıfbank has been maintaining own place in the index since 2014.
Vakıfbank puts the best effort to "sustainability" with the value contributed to its customers, shareholders, employees and society for the economic and social responsibility. Vakıfbank is conscious of its responsibility for contributing to global and national efforts to mitigate climate change. Therefore, the Bank adopts the aim of decreasing its carbon footprint in line with its environmental responsibility. Within this framework, the following policies are implemented in Vakıfbank in 2015:

-Supporting the policies and national development plans that will be determined to decrease GHG emissions, through contribution to national draft policies and plans.
-Fulfilling not only the Bank's global and national responsibilities, but also being a role model in the Turkish Banking Sector for Environmental Sustainability at several platforms such as Istanbul Stock Exchange Sustainability Index, CDP, MidSEFF, TurSeff and other initiatives.
-Continuous monitoring, transparent reporting and improving GHG emission reduction performance since 2014.

In 2017, Vakıfbank has got certified not only its HQ, but also its 30 branches with ISO 14001 Environmental Management System. Besides, the Bank **started to disclose environmental data from its all branches all over the world**. In 2020 and 2021; thanks to our efforts on environmental management, all head office buildings and branches were added to the scope of ISO 14001 Environmental Management System (EMS) and enabling all VakıfBank employees to work in ISO 14001 certified buildings. Since 2017, VakıfBank have been included in the FTSE4Good Emerging Markets Index, which responsible investors primarily follow. In 2022, VakıfBank volunteered to respond to the Corporate Sustainability Assessment-CSA, prepared by S&p Global which VakıfBank believes that it will constitute a basis for VakıfBank's sustainability performance and guide it in improving our performance. VakıfBank strucks a deal with JCR Eurasia Rating for Corporate Governance Rating services in November 2022. VakıfBank will have a presence on Borsa Istanbul's Corporate Governance Index in the coming period.

VakıfBank attach importance to disclosing its performance with transparency. As a result, VakıfBank maintain its place in the index since 2014, when the BIST Sustainability Index was created. Since 2017, VakıfBank have been included in the FTSE4Good Emerging Markets Index, which responsible investors primarily follow. In 2023, VakıfBank’s emission reduction targets has been validated by SBTi and VakıfBank became the first bank in Turkey that has SBTi approved targets.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022

End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for

1 year

Select the number of past reporting years you will be providing Scope 2 emissions data for

1 year

Select the number of past reporting years you will be providing Scope 3 emissions data for

1 year

C0.3

(C0.3) Select the countries/areas in which you operate.

Bahrain
Iraq
Qatar
Turkey
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	Exposed to all broad market sectors
Investing (Asset manager)	No	
Investing (Asset owner)	No	
Insurance underwriting (Insurance company)	No	

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	VAKBN in Borsa İstanbul

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Chief Executive Officer (CEO)	In accordance with the Working Procedures and Principles of VakıfBank Internal Committees, VakıfBank Sustainability Committee was established with the decision of the Board of Directors (BOD) dated 30.12.2021. VakıfBank General Manager (CEO) chairs this committee. CEO is also a member of the BOD. The CEO also chairs this committee as the highest level participant. The main outputs and processes of the work done in the committee are transferred to the board of directors. Chaired by the General Manager, this committee also has an independent Board Member elected by the Board of Directors. The Sustainability Committee determines the Bank's sustainability strategy and policy and ensures that necessary actions are taken in this regard. It is the bank's top decision-making body in terms of sustainability. In this context, the committee plays an active role in the processes of determining sustainability and climate change-related risks and opportunities at Vakıfbank, making evaluations, and determining Vakıfbank's climate change and sustainability targets. In 2022, VakıfBank realized a new secured funding transaction of EUR 400 million based on sustainability criteria, with a maturity of 2 years, obtained from abroad, as the largest sustainability-themed secured funding agreement among Turkish banks.

	With the decision of the Sustainability Committee and the approval of the CEO, the following KPIs have been determined and realized: Reduction of greenhouse gas emissions by at least 2% compared to the same period of the previous year, including scope 1, 2 and 3 (excluding portfolio emissions) until 2025. VakıfBank also determined as sustainability performance criteria of its secured funding transaction as new ESG-themed loan origination including the sub-categories of green mortgage, environment-friendly vehicle loans and loans to women and young entrepreneurs. In addition, minimizing the use of plastic in all bank locations through water purification systems that will be implemented in its branches and reducing total greenhouse gas emissions by 2% annually are other KPIs of the transaction.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures Overseeing and guiding employee incentives Reviewing and guiding strategy Overseeing and guiding the development of a transition plan Monitoring the implementation of a transition plan Overseeing and guiding scenario analysis Overseeing the setting of corporate targets	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our banking activities The impact of our own operations on the climate The impact of our banking activities on the climate	The Board of Directors has the highest level of responsibility for the Bank's overall performance. The Board of Directors directs and reviews the Bank's overall strategy. Accordingly, it reviews its action plans, transition plans, annual business plans and budgets accordingly. For this reason, the Board of Directors directs and reviews the strategy on sustainability and climate change, evaluates risks and opportunities. It also reviews risk and opportunity management policies. It sets performance targets and allocates relevant resources accordingly. As a result, it monitors performance and progress on climate change issues. For example, our annual 2% emission reduction KPIs and SBTi-compliant emission reduction targets are determined by the Board of Directors. Targets are announced through our website and reports. With the decision of the Board of

	Monitoring progress towards corporate targets Reviewing and guiding the risk management process		Directors, VakıfBank Sustainability Committee is established in 30.12.2021. The Sustainability Committee discuss the Bank's sustainability strategy and policy before the Board of Directors and ensures that necessary actions are taken in this regard. This committee is the bank's top decision-making body on sustainability and climate-related issues. The Committee is chaired by our CEO (General Manager), who is a member of BOD. There is also an independent Board Member elected by the Board of Directors. All climate change and sustainability-oriented corporate policies discussed in the committee are reported to the board of directors and approved. Sustainability Committee convened twice in 2022, the Corporate Governance Committee convened 3 times. Sustainability issues discussed in these planned meetings are discussed at the level of the Board of Directors. When necessary, the BOD evaluates and approves the following outputs of the sustainability committee; -Determining sustainability goals, - Following up sustainability studies and strengthening sustainability, -Integration of the bank's talent performance and sustainability into all business units and processes, -Deciding on important issues discussed in the Sustainability Subcommittee, -Providing necessary organizational change proposals for the Bank's sustainability activities to be carried out effectively, -Preparing the Bank's sustainability reports, -Detection and management of risks and opportunities arising from climate change, especially carbon and water, -Following national and international legislation on environmental and social

			risks that are important in the Bank's lending process, - Making suggestions on cooperations that he can become a member and support in the field of sustainability.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	Our Sustainability Committee is chaired by our CEO (General Manager). The CEO is VakıfBank's former R&D and Digital Transformation Department, as well as the Executive Vice President responsible for all IT. Due to their previous position, CEO was responsible for the execution of VakıfBank's sustainability activities in digital transformation. Accordingly, the CEO's climate change competence is due to their previous position.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee

Other C-Suite Officer, please specify

Executive Vice Presidents

Climate-related responsibilities of this position

Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking

Risks and opportunities related to our own operations

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The “Sustainability Committee” was established to determine the Bank's sustainability strategy. To implement the decisions taken, and to ensure the necessary coordination within the Bank for these decisions the "Sustainability Subcommitte" was also established. Executive Vice Presidents of the Business Unit are members of the sustainability committee and they are the highest management with responsibility of climate related issues.
The following unit presidencies are members of the Sustainability Subcommittee and manage the following processes:
Head of International Banking and Investor Relations
Head of Corporate Communications
Head of Corporate Development, Performance Management and Academy
Head of Featured Loans Management
Head of Commercial Banking Marketing
Head of SME Banking Marketing
Head of Retail Banking Marketing
Head of Individual Banking Marketing
Head of General Accounting and Financial Operations
Head of Support Services
Head of Strategy and Planning
Head of Risk Management
Head of Human Resources

In the sub-committee, the sustainability practices of the Bank are maintained, efforts are made to achieve energy and emission reduction targets, and SBTi target setting processes are managed, climate related risks and opportunities are evaluated.

Climate change and water security issues raised to the Sustainability Committee and then to the Board of Directors; Unit heads in the Sustainability Subcommittee convey this information to the Executive Vice Presidents for discussion at the Sustainability Committee. For this reason, VakıfBank Executive Vice Presidents are the highest position responsible that manages climate change at the management level.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Both monetary and non-monetary incentives are provided for diversified levels of our organization.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive

Other C-Suite Officer

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Board approval of climate transition plan
Progress towards a climate-related target
Achievement of a climate-related target
Implementation of an emissions reduction initiative
Reduction in absolute emissions
Reduction in emissions intensity
Energy efficiency improvement
Increased share of low-carbon energy in total energy consumption
Increased share of renewable energy in total energy consumption
Reduction in total energy consumption
Increased investment in low-carbon R&D
Increased share of revenue from low-carbon products or services in product or service portfolio
Increased engagement with clients on climate-related issues
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)
Implementation of employee awareness campaign or training program on climate-related issues

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

Executive Vice Presidents (EVP), also take part in the Sustainability Committee and lead the implementation of the decisions taken by the Bank's sustainability committee.

There are performance indicators (KPIs) of the department, Executive Vice Presidents (EVP), Head of Departments, managers and all Bank employees on climate change issues. These KPIs include quarterly emissions reduction targets, annual emissions reduction targets, public reporting and maintaining success in sustainability indices. In addition, energy efficiency studies, low-carbon R&D investments and CDP reporting are included in our KPIs. For example; responding to CDP Water Security Questionnarie was a KPI in 2022 and it has been achieved.
With the realization of these KPIs, Vakıfbank reward the unit managers (Executive Vice Presidents) with performance-related year-end bonus and salary increase.
Performance evaluations of the Executive Vice President are based on the Bank's corporate objectives and the business objectives of the departments under the relevant Executive Vice President. As a result of this, all employees of our Bank as well as Executive Vice Presidents are paid quarterly four times a year as of 2023. This is directly proportional to the performance determined by our Bank's Management for the personnel, but it may include periodic changes.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

As KPIs are realized, financial and other supports are provided to the c-level employees and the continuity of the achievements is ensured. Thus, VakıfBank's actions in the sustainability and climate change transition process are supported.
For example, VakıfBank has submitted its emission reduction targets to the Science Based Target initiative (SBTi) in 2022. In the next period, the relevant EVPs and Heads of Departments for the control of portfolio emissions have been appointed to be responsible for the emission calculations of the relevant performance indicators in the lending processes.
Rewarding these performances with financial incentives ensures that the processes are further improved every year.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG criteria, including climate change?

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated
Row 1	Yes, as an investment option	Vakıfbank offers BES (pension system) options to its employees. Employees can direct their retirement schemes by choosing funds according to their own preferences. There are also sustainable investment options among the funds that can be selected. Thus, Vakıfbank provides an option for its employees to participate in an ESG-related retirement scheme.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	2	
Medium-term	2	10	
Long-term	10	30	

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

The negative and destructive effects of climate change are increasing every year around the world. Research shows that the current effort at the global level is not enough to keep global warming below 1.5 degrees Celsius. Considering the magnitude of the impact created by the financing provided by the financial sector, the relationship between climate change and the financial sector is evaluated under a different category in many platforms. In order to mitigate the effects of climate change, it is important to integrate environmental and social risks in the risk assessment process.

It is also critical to assess the impact of climate change and extreme weather events, determine the severity of the impact, and develop a forward-looking perspective on what consequences it may have on business continuity and physical damage losses at service points. Risk assessments, research, stakeholder consultation and good governance provide us with the inputs needed to prioritize risks and challenges. The financial, environmental, reputation, legal and customer criteria of the projects are considered in the risk processes. Then risks are evaluated and prioritized based on the magnitude of the potential financial loss and the probability of the occurence.

While evaluating the sustainability of an activity subject to transition risk and physical risk, the Bank follows the roadmap specified in the European Union Taxonomy. Accordingly, there are three criteria in the evaluation of the activity in terms of sustainability;
– It must contribute significantly to one of the six environmental objectives specified in the European Union Taxonomy,
– Must not cause 'significant damage' to the other five targets,

– Comply with minimum social and governance standards set by the EU, UN and OECD.

Description of the quantifiable indicator: Transition risks address the risks associated with transitioning to a lower carbon economy that may require extensive policy, legal, technology and market changes to address climate change mitigation and adaptation needs. While conducting bank transition risk analysis, it is handled in parallel with the existing literature. Physical risks from climate change can be event-driven (acute) or longer-term changes (chronic) in climate patterns. Physical risks can have financial implications for organizations, such as direct damage to assets and indirect effects from supply chain disruption. The financial performance of organizations can also be affected by changes in water availability, resource supply and quality. In addition, food safety and extreme temperature changes that affect establishments, operations, supply chain, transportation needs and employee safety are observed under chronic risks.
When conduction the risk analyses of companies, their assets, liabilities and EBITDA margins. Pursuant to the Board of Directors decision taken by our Bank in 2022, the activity to be financed should not be included in the VakıfBank Unfinanced Activities List, should be within the scope of project loans, and if the loan amount is 20 million USD and above in accordance with IFC standards, an environmental and social risk assessment for the customer and the project should be done. The Environmental and Social Risk Management System ensures that the environmental and social impacts of project loans of 20 million USD and above are analysed and these effects are followed up and reported with action plans. In the environmental and social risk assessment stage, ESMS (Environmental and Social Risk Management System) is applied to loan applications of 20 million USD and above. The non-financial risks such as environmental, social, governance and occupational health and safety of the loans that are the subject of project financing and the possible effects of these risks are evaluated through ESMS.
It is aimed that the system will cover project loans with an investment amount of 10 million USD or more in the future, and that the environmental and social risk management system will be integrated into all loan segments except retail in the long term.

Therefore Vakıfbank defines the substantive financial impact as loss of 20 million USD and above.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

VakıfBank has an advanced and multi-level, multi-disciplinary, company-wide risk and opportunity management model. The essence of banking activities is based on the identification, evaluation and valuation of risks.
At VakıfBank, climate risks are handled in the perspective of “Physical Risks” and “Transition Risks” in line with the existing literature in the field. The Board of Directors is the main and highest level body responsible for the Bank's overall performance. Reporting to the Board of Directors, the Sustainability Committee is tasked with overseeing Climate Change and Sustainability issues that the Bank may encounter. VakıfBank conducts Stakeholder expectations and materiality analyses from various channels periodically, usually quarterly, and the main channel is the channel performed annually within the scope of Integrated Reporting. In addition to internal channels, Inspector evaluations are also carried out. Evaluations serve through findings aimed at maintaining the functioning of the Bank, from supplier relations to customer relations. In order to protect the bank's reputation, national commitments to international standards and policies are closely followed, which ensures the bank's capital supply and thus its liquidity through both corporate and deposit financing. The evaluations also include the physical risks faced by our bank facilities in Turkey, which is located in a climate geography where natural disasters are common.
Integrated analysis findings are mainly evaluated by Strategy Development and Planning, Investor Relations and Environmental Management Services and Risk Department to identify risks and opportunities. In addition, the relevant main business units (Loans, SME Banking, International Banking, etc.) identify possible risks and oppositions related to Climate Change. In addition, each department mentioned above provides input to the risk and opportunity assessment. These inputs include insights and feedback gathered from stakeholders with whom they are in contact. As a result, the risks are classified and if necessary; monitored or escalated to the Committee and/or actions are taken.
i) Company-level evaluation processes:
Sustainability Comittee is responsible for identifying risks and opportunities that may arise from climate change, and has a coordinating role among all departments in identifying and communicating Climate Change (CC) risks and counters. Risks and contrasts are then shared with the Risk Management Unit within the Board of Directors for further evaluation and prioritization. Risks are classified and if necessary; monitored or escalated to the Committee and/or necessary actions are taken.

Risk management processes include:
Upstream

Cost increase, target market constraints, etc. caused by regulations and sanctions for low carbon economy. It is the potential for these situations to cause deterioration in the financials of the companies and as a result, an increase in the credit risk of the banks. It is aimed to determine the level of risk that the bank is exposed to by creating heat maps based on qualitative assessments in terms of transition risks. In addition, the bank makes calculations for the green asset ratio, which is one of the most important risk indicators in terms of climate risk. Due to the fact that the legislation has not been finalized yet, qualitative evaluations have been made in these calculations. The Bank also actively participated in the preparation of national legislation. Vakıfbank has completed the work specifically for the tourism sector loans and submitted it to the Banks Association of Turkey for the guide study.

Direct operations:
Within the scope of the Company-wide Risk Management process, business unit managers identify and evaluate possible physical risks in the Bank's activity, and necessary controls are established to prevent risks. The Bank has incorporated the development of heat maps into its risk assessment process policy as part of the physical risk assessment. In addition to maps, the risk of interruption of business activities that may occur at service locations and the risk of physical damage should be evaluated in terms of various scenarios (temperature and precipitation increase, etc.).

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	VakıfBank always aims to fully comply with current regulations. As a public bank, we attach great importance to this issue. Environmental Management Service (EMS) and Legal department directs VakıfBank for full compliance. Both national and international current regulations are taken into account. It is responsible not only for banking but also for the regulations in the sector of the customers in its portfolio. For this, local and international regulations to which the customer is subjected to are included in the risk assessment processes. For example; Within the scope of the Environmental and Social Management System (ESMS), the customers to whom credit will be granted are asked the question “Have any administrative sanctions been applied within the scope of the Environmental Law since its establishment?” Thus, the risks that our portfolio customers will encounter due to the current regulations are evaluated and followed up. In the current regulations on climate and environmental issues in direct operations, legislation on the transport of hazardous waste and electronic waste came into force in 2020, and in 2021 we have fully

		aligned our procedures. Since 2021, VakıfBank is fully compliant with ZERO WASTE in all of its branches.
Emerging regulation	Relevant, always included	Vakıfbank's Sustainability Committee and Sustainability Working Group members, especially Sustainability Service ESMS and Department of Project Credit 1, Project Credit 2 and Credit and Operational Risk Management Department follow the upcoming regulations and sometimes share their opinions directly or indirectly via sectoral organizations such as Turkish Banks Association. Emerging regulations are considered in the risk assessment. Turkey is expected to integrate to European Emission Trading Scheme (ETS) or develop its own ETS, thus to the cap-and-trade system. Turkey has finished the MRV (Monitoring, Reporting and Verification) and PMR (Partnersship for Market Readiness) phases and the next expected step is to establish an emission trading system or carbon tax mechanisms. Therefore, both national and international emerging regulations are taken into account. With the Carbon Border Adjustment Mechanism, one of the articles of the European Union Green Deal, the products of carbon-intensive sectors to be exported to the European Union from other countries will be subject to carbon pricing as of 2026 in order to prevent carbon leakage. This carbon pricing will be determined per tonne of product if there is no emissions trading system in the country where the products are produced. If there is an ETS in the country of manufacture, the products of these sectors will not incur any financial costs within CBAM. When we look at Turkey's exports to the European Union, it is seen that one of the countries that will be most affected by this new system will be Turkey. There is no ETS in Turkey as of 2022. This shows that the import costs of EU companies in the cement, iron-steel, aluminum, fertilizer and electricity sectors will increase. This situation may directly cause a decrease in the market shares of Turkish real sector companies in the EU and although it does not directly affect Vakıfbank, it may hinder the loan payments to Vakıfbank due to the decrease in the sales of Turkish producers to the EU. This creates a credit risk for Vakıfbank.
Technology	Relevant, always included	We believe that digitization has a strong effect on sustainability and that digital transformation serves as an important leverage for the creation of sustainable value. We are a pioneering bank, which encodes and develops its banking software with its resources. At our R&D center, we work with an innovation-focused approach. Technology-based climate risks, which are valid for all sectors, are included in the evaluation processes of VakıfBank portfolio risks and opportunities. Clients' climate related risks due to technology may affect their business. In case of clients going through financial

		fluctuation due to technological climate risks in their markets may affect their loan repayments to VakıfBank. That would create an indirect credit risk for VakıfBank. Therefore VakıfBank includes the technological risk and opportunities in its risk assessment processes. In terms of operational risk and opportunities regarding technology, VakıfBank has replaced its vehicle fleet with hybrids in 2020. In 2022 at the new headquarters building of VakıfBank, low-carbon emission alternatives of products have been used. Therefore technology is considered in the risk and opportunity assessments.
Legal	Relevant, always included	VakıfBank always aims to fully comply with regulations, as a public bank puts great importance on this and considers legal risks and opportunities in its evaluations and decision-making processes. Additionally, as a bank quoted to Borsa İstanbul and subject to not only Turkish Commercial Law, but also to Capital Markets Board's and Turkish Banking Regulation and Supervision Agency. Therefore, it is subject to many regulations. VakıfBank is providing fund to third parties. Therefore, legal compliance is important for both in its own operations, and in its credit line (project finance). VakıfBank may be subject to financial penalties if it fails to comply with legal obligations. As a bank, there may be penalties including cessation of operations. In addition, if the companies in our portfolio do not comply with the laws to which they are subjected to, this may result in a bad reputation or indirectly effect their ability to repay the loans to VakıfBank. In order to control the legal risks to be encountered in the portfolio, in our risk assessment processes, we question whether the customers have been penalized for similar issues before. Therefore climate and environment related risks regarding legal issues are integrated in VakıfBank's risk assessment processes.
Market	Relevant, always included	Vakıfbank considers climate related market risks and opportunities in its risk assessment. Vakıfbank uses international funds from EBRD, EIB and AFD, there is environmental and social risk management systems for these funds. Therefore, financing sectors using fossil fuels, especially coal is a risk in our market, where in COP 26 around 40 countries were committed to not to finance business related to coal. Additionally, it is expected that 5 emission intensive sector will be subject to Carbon Border Adjustments soon with the regulations in line with European Green Deal. VakıfBank obtained new funds worth USD 3.3 billion from international markets in 2022. In 2022, we are the bank that renews our syndicated loans amounting to $1.5 billion at the best rate, with 97 percent.

		As a result of the transition process and physical effects of climate change, we follow the changes in the needs and demands of the customers in the markets we are lending to. As the risks and opportunities brought about by climate change are becoming more real every day, the investments of companies in the real sector for decarbonization initiatives will increase. As VakıfBank , we offer products such as environmental friendly auto loans, thermal insulation loans, renewable energy & energy efficiency loans, green mortgage loans and other sustainability themed loans to our customers for these needs. If VakıfBank would not be able to respond to these requests in a timely and adequate manner, it is likely that VakıfBank would experience loss of market and income loss. This would cause financial risks. Within the international funding that VakıfBank receives, the institutions providing the financing seek positive criteria regarding climate change. Failure to fulfill the sustainability KPIs given to these organizations may also cause a loss of market in the upstream. These make the market risks regarding climate change a material subject in risk assessment process.
Reputation	Relevant, always included	VakıfBank is a public company and quoted to Borsa Istanbul. Furthermore, VakıfBank has been one of the first four banks qualified to be in BIST Sustainability Index by meeting the sustainability criteria of BIST SI. VakıfBank has a leading role of in sustainable finance in Turkey. VakıfBank's reputation, brand and market value could be affected negatively due to climate change risks. On the contrary, best practices may bring positive financial impacts. As a example from 2021, with its sustainable bond issuance, VakıfBank is deemed worthy to get the "Best Financial Institution Issuance of the Year Success Award" by Bonds & Loans. Such reputational occasions may have positive financial impacts. In terms of portfolio, if VakıfBank provide financings to companies that has a negative reputation regarding climate change, that would also negatively affect VakıfBank in terms of investors. Since investors are likely to set KPI's related to climate change, VakıfBank would need to meet these KPI's. Having a negative reputation may prevent VakıfBank to meet these KPI's. Therefore the climate related risks regarding reputation is always included in risk assessment process.
Acute physical	Relevant, always included	VakıfBank operations mainly rely on electricity power as a bank. Therefore extreme weather events such as floods and hurricanes is considered an acute physical risk for banking operations. VakıfBank always consider acute physical risks in its risk assessment processes. as a management system, VakıfBank insures all of its assets in its locations, for risks arising from acute physical events. In terms of portfolio, clients risks regarding acute physical events may

		create a great impact on clients business regardless of activity sector. In the scenario analysis study carried out in 2022, RCP 4.5 and RPC 8.5 scenarios were followed and risks in both operations and portfolio were studied over issues such as precipitation irregularities, temperature changes and drought in Turkey. These risks are monitored regularly as they may pose financial and reputational risks.
Chronic physical	Relevant, always included	Chronic physical risks such as changes in precipitation regimes, drought, and changes in sea temperatures may adversely affect the economy and some sectors such as agriculture and fisheries. Vakıfbank is aware of these risks and takes them into account in its risk assessments. Necessary measures are taken, such as raising awareness among credit analysts and customers. Within the scope of agricultural loans, we evaluate risks and opportunities with the belief that sustainable agriculture is of critical importance for the future of our country. Since 2014, we have continued to be the power on the side of the farmers in numbers. Our Agricultural Loans Department evaluates loan applications by integrating risks and opportunities, including climate change and water, taking into account the report prepared by the Financial Evaluation and Ranking Department by compiling data on the sector. In addition to our financing services in 2020; Within the body of VakıfBank Farmers Academy, 20 meetings were held on climate change, water management and sustainable agriculture, and 2,650 farmers were trained in order to increase the technical knowledge of our farmers, reduce costs in agricultural production, and increase productivity. Due to the Covid-19 pandemic, these meetings were not held in 2021 and 2022. In addition, we include customers with the potential to be affected by chronic physical climate risks in the risk analysis within the ESMS.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure
Banking (Bank)	Yes

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Banking (Bank)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	Risk models Scenario analysis	Environmental and Social Risk Management System (ESMS); In the projects financed by the banks, beyond the requirements determined by the legal and Bank policies, it ensures that the environmental and social risks that arise from the general activities of the company and that may arise from the projects to be financed are determined. The Environmental and Social Risk Management System is a management system that allows companies to be classified according to the risks they carry and to monitor these risks with the action plans to be prepared specific to the project and to eliminate these

						gaps. Banks may face risks that may cause significant environmental or social impacts in the projects they support through lending activities. Failure to evaluate these risks in a timely and appropriate manner and not to take action may cause adverse environmental and social impacts, as well as damage the Bank's reputation. As a result, it can lead to loss of investor support and customer loyalty. In our bank, ESMS establishment efforts have been started for project loans over 20 million USD. Accordingly, as of February 2022, VakıfBank's Environmental and Social Impacts Management Policy in Lending Processes and VakıfBank Unfunded Activities List in the annex of the mentioned policy document were approved by our Bank's Board of Directors and published on our website. After that, in May 2022, the

						Procedure for Managing Environmental and Social Impacts in VakıfBank Lending Processes and ESMS documentation was approved by the General Manager and got into force. Accordingly, if the activity to be financed is not included in the VakıfBank Unfinanced Activities List, it falls within the scope of project loans and the loan application amount is over 20 million USD; these loan applications will be evaluated through the Excel-based Environmental and Social Assessment Tool and the risk category of the company will be determined. This is the first risk assessment criterion looked at for all loan applications. For this reason, the portfolio ratio has been determined as 100%. It was decided to define the risk categories into four classes as A (High), B+ (Medium High), B- (Medium Low) and C (Low).

						While the above-mentioned analysis is being carried out, it is planned to evaluate the companies in terms of water risks with in this process as well. Accordingly, information is requested from companies within the scope of environmental and social impact assessment. Many departments are responsible for determining Vakıfbank's risk of asset levels stemming from climate change. In the credit limit; The "Financial Evaluation and Ranking Unit" collects data about the applicant's industry and the applicant himself, and prepares the first evaluation report that includes CC risks and opportunities. Each department then handles and evaluates its own risks according to its loan type responsibilities. The following departments are evaluating loan applications that

						integrate climate change risks and opportunities: -Project Evaluation 1 - SME Loans - Project Evaluation 2 -Commercial Loans

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information
Banking (Bank)	Yes

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio

Banking (Bank)

Type of climate-related information considered

Emissions data
Energy usage data
Emissions reduction targets
Climate transition plans

Process through which information is obtained

Directly from the client/investee

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Other, please specify
Cement, Steel & Iron, Agriculture

State how this climate-related information influences your decision-making

We are aware that we have a responsibility for the environmental and social impacts of the projects we finance within the framework of the responsible financing approach, which forms the basis of our duty to contribute to the environment.
In this context, 'Environmental and Social Impact Assessment and Sustainability' is included as a special title in our Credit Policy Document in order to evaluate the

environmental and social impacts of the projects and companies we finance. ESMS studies for project loans of 20 million USD and above at our Bank were completed on 22 December 2022, and the Evaluation Tool was made available to our Bank's employees. While the project financing request is being evaluated, it is checked whether it is in the list of unfinanced activities. If it is not included in this list and is over 20 million USD, it is audited through VakıfBank Environmental & Social Impact Assessment Tool. Evaluation includes reviewing documents and determining the category risk of the project or client. The risk category can be A, B+, B- or C.
For risk category A projects, additional environmental assessments by an external consultant are required.
For risk categories B+ and B-, an external consultant may be required for further evaluation and reporting on the project.
Risk category C means that the environmental and social risks of the project are not relevant or minimal. No external consultant will be required for the evaluation.
One example of a climate-related decision made by the individual/committee: In 2023, environmental and social risk assessments have been completed for 12 customers so far, 7 of these assessments have been concluded as B+ and 2 of them as B-. Since there was no loan concluded in category A, according to the credit policy, it was decided that there was no need for external consultant support for these 12 customers regarding environmental issues.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Banking portfolio

Risk type & Primary climate-related risk driver

Emerging regulation
Carbon pricing mechanisms

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

The transition risks caused by climate change have an impact on all sectors in the world. The EU GreenDeal, which is the common decarbonization strategy of European Union countries, is one of the transition process changes that have an impact on manufacturers in Turkey. With the Carbon Border Adjustment Mechanism, one of the articles of the European Union Green Deal, the products of carbon-intensive sectors to be exported to the Union from other countries will be subject to carbon pricing as of 2026 in order to prevent carbon leakage into the European Union. This carbon pricing will be determined per tonne of product. If there is no emission trading system in the country where the products are manufactured, the products of these carbon intensive sectors will face financial costs within CBAM.
When we look at Turkey's exports to the European Union, it is seen that one of the countries that will be most affected by this new system will be Turkey. There is no ETS in Turkey as of 2022. This shows that the costs of companies in the cement, iron-steel, aluminum, fertilizer and electricity sectors in the EU will increase in their imports from Turkey.
This situation may directly cause a decrease in the market shares of real sector companies in Turkey in the EU, and although it does not directly affect VakıfBank, it may hinder the loan payments they will make to VakıfBank due to the decrease in the sales of Turkish producers to the EU. This creates a credit risk for VakıfBank.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

30,000,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The total risk of portfolio customers in the related carbon intensive sectors included in the CBAM has been determined as 30 Billion TRY as of the end of 2022. This value has

been determined as the companies expected to be adversely affected by the CBAM regulation, based on the expert opinion and obtained from VakıfBank's internal system. The total remaining risk balance of these companies is calculated as 30 Billion TL.The open loan value is calculated as:loans given to customers - repayments made by customers.
3% of the 2022 end-of-year loan portfolio bears the risk of a decrease in the sales to the European Union of producers in the sectors that will be subject to CBAM in Turkey.

Cost of response to risk

157,500,000

Description of response and explanation of cost calculation

VakıfBank allocates provisions for risks arising from unexpected situations.
In terms of climate risk, it is expected that manufacturers that export to EU countries and cannot switch to low-carbon production methods and technologies will face a significant competitive disadvantage against manufacturers who have achieved this transition. It is anticipated that this will cause companies to lose market share and have a negative impact on companies' balance sheets, which will have a negative impact on companies' expected credit losses.

The effect was calculated as a result of the deterioration of the rating grades of the companies operating in the cement, electricity, fertilizer, iron-steel and aluminum sectors, and a provision of 157.5 million was allocated for this risk.
This practice has been put into effect as a pioneering approach for VakıfBank, which puts sustainability at the center of its way of doing business, and the amount of the provision allocated will be reviewed periodically depending on the cyclical situation. In addition, VakıfBank provides information on climate risks during the meetings held with customers during the lending processes, and provides information on medium and long-term risks. VakkıfBank also promotes the transition to a low-carbon economy in the long term.

Comment

N/A

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Markets

Primary climate-related opportunity driver

The development of new revenue streams from new/emerging environmental markets and products

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

When the transition to a low carbon economy shaped the sustainable development agenda, the Bank has been playing an active role in this transition by effectively managing environmental risks not only for its direct operations but also for its indirect impacts emerging through its financing activities. In this respect, VakıfBank's strategy to combat climate change is based on three pillars: Sustainable Energy Finance, Reducing Environmental Impacts, Raising Employee Awareness.
Supporting the socio-economic development of various layers of society with sustainable products and services with a responsible banking approach, VakıfBank offers products and services ranging from environmentally friendly projects to energy efficiency, renewable energy projects and women entrepreneurs. All these products are classified as "sustainable" for VakıfBank due to their sustainability effects on the customers' business when provided.
With the sustainable product portfolio, VakıfBank can provide its customers with fund that can help them operate more sustainable. Some part of these lendings also help VakıfBank to decarbonize its lending portfolio, giving that the emissions due to activities financed cause low carbon. As of 2022, approximately, 1.8% of VakıfBank's revenue is from these sustainable sources. Being able to provide new products and services in emerging markets, the possible revenue is an opportunity for VakıfBank.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,258,617,406

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

VakıfBank has provided renewable energy loans, resource efficiency loans and other sustainable loans to its customers in 2022. The value of 1,258,617,406 TRY has been acquired from VakıfBank's internal system. The value includes the revenue of "sustainable loans" provided as mentioned in company specific description. The system automatically calculates the revenue from each of the lending in line with the maturity and interest rates of credit.

Cost to realize opportunity

380,000

Strategy to realize opportunity and explanation of cost calculation

VakıfBank provides green and sustainable loans to its customers. These loans classifications are mainly based on VakıfBank's Sustainable Finance Framework. . The cost to realize opportunity is 380.000 TRY which is the total cost for the preparations of the Sustainable Finance Framework, its Second Party Opinion and its applications through the year.

Comment

N/A

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan

Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan

We do not have a feedback mechanism in place, but we plan to introduce one within the next two years

Attach any relevant documents which detail your climate transition plan (optional)

VakıfBank-Climate Transition Plan.pdf

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy
Row 1	Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios NGFS scenarios framework	Portfolio		Vakıfbank has been focusing on Environmental Management and green finance activities for many years. As a public bank actively making efforts to promote green finance in Turkey, Vakıfbank analyzes scenarios regarding the green economy market in Turkey and around the world. Within the scope of climate change, NGFS (Network for Greening the Financial System) scenarios are also used in Vakıfbank's strategy and risk analysis studies. NGFs climate scenarios consider climate transition scenarios around the world, the physical consequences of climate change, and economic metrics. In addition, in this scenario, there are both the changes in the sectors against climate change and the relations of the sectors with each other. In this way, the use of NGFS scenarios is very important in Vakıfbank's decarbonization strategy in its portfolio. These scenarios are based on and compare the following parameters on climate transition risks: carbon prices, fossil fuel costs, energy consumption expectations of real estates, investment amounts to be made in low-carbon electricity generation. Regarding the physical climate effects, the following

			parameters are followed: global temperature changes, changes in working power due to this change and floods. In financial metrics, GDP changes and inflation rates are tracked. With these outputs, the foundations of VakıfBank's 2030 and 2050 strategy were laid and action plans were prepared in order to realize its scientific-based goals. The net-zero 2050 climate transition scenario gives the most similar results to the NGFS scenarios. Accordingly, with the SBTi studies we carried out in 2022, we determined our emission reduction targets of 1.5 degrees for our scope 1-2 emissions and in 2023 VakıfBank's targets has been validated by SBTi.
Physical climate scenarios RCP 4.5	Company-wide		Physical risks related to temperature, risks due to irregular precipitation effects, exposure to water stress have been studied within the scope of optimistic (RCP 4.5) and pessimistic (RCP 8.5) scenarios through the data of the “Turkey Climate Risk Study” obtained from the General Directorate of Meteorology. WRI Aqueduct Water Risk Atlas was also used to support the studies. Monthly average precipitation change forecasts for the 2021-2030 and 2031-2040 periods; Based on the month with the highest precipitation irregularity, it was annualized on the basis of provinces and the risk level classification was carried out primarily on the basis of provinces and then Vakıfbank's service points. Although it is seen that there are significant differences between the optimistic-pessimistic scenarios and the projected periods; It is seen that the scenario results for precipitation irregularities do not differ much on the basis of both periods and scenarios. This situation reveals that there is no increasing effect on precipitation amounts under adverse scenario conditions where temperature increases increase; on the contrary, the drought effect brought about by the temperature increase negatively affects the changes in precipitation amount. The outputs of the precipitation projections for the 2021-2030 and 2031-2040 periods show that 7 provinces across Turkey are exposed to irregular precipitation at high (200-300 kg/m2) or extremely high (>300 kg/m2) regardless of the temperature change

			scenarios. shows. It is likely that Vakıfbank operations carried out in 7 provinces will be affected by the outcome of this scenario.
Physical climate scenarios RCP 8.5	Company-wide		Physical risks related to temperature, risks due to irregular precipitation effects, exposure to water stress have been studied within the scope of optimistic (RCP 4.5) and pessimistic (RCP 8.5) scenarios through the data of the “Turkey Climate Risk Study” obtained from the General Directorate of Meteorology. WRI Aqueduct Water Risk Atlas was also used to support the studies. Monthly average precipitation change forecasts for the 2021-2030 and 2031-2040 periods; Based on the month with the highest precipitation irregularity, it was annualized on the basis of provinces and the risk level classification was carried out primarily on the basis of provinces and then Vakıfbank's service points. Although it is seen that there are significant differences between the optimistic-pessimistic scenarios and the projected periods; It is seen that the scenario results for precipitation irregularities do not differ much on the basis of both periods and scenarios. This situation reveals that there is no increasing effect on precipitation amounts under adverse scenario conditions where temperature increases increase; on the contrary, the drought effect brought about by the temperature increase negatively affects the changes in precipitation amount. The outputs of the precipitation projections for the 2021-2030 and 2031-2040 periods show that 7 provinces across Turkey are exposed to irregular precipitation at high (200-300 kg/m2) or extremely high (>300 kg/m2) regardless of the temperature change scenarios. shows. It is likely that Vakıfbank operations carried out in 7 provinces will be affected by the outcome of this scenario.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

What are the risks to be encountered in VakıfBank operations due to the physical effects of climate change?
How will VakıfBank portfolio be affected as a result of policy changes in the world during the climate transition period?
How do we use financial instruments for the sustainable development of our country and the world?

Results of the climate-related scenario analysis with respect to the focal questions

Description of the results of the conducted scenario analysis: In the scenario analysis study conducted with meteorological information and RPC 4.5 and 8.5 scenarios, it showed the result in which cities of Turkey will be exposed to water risk as a result of the physical effects of climate change. Based on this. These outputs were included in the risk analysis within the scope of VakıfBank's operations in the relevant cities.

Decision or action in relation to the focal questions including associated timelines: As a result of the NGFS scenarios study, it was seen which sectors in the portfolio could be affected by climate change in the long term. If there is no reduction in emissions in the energy, fossil fuel and real estate sectors, which are the priority, the financial effects of the sectors and their effects on VakıfBank in 2022 were studied. Science-based targets for reducing emissions in the portfolio over the long term were set in 2022. Plannings are continuing to reach the targets.
In addition, we became the first bank to apply the sustainability approach to expected credit loss provisions policies under TFRS 9. Within the scope of the "fit-for-55" published by the European Union commission in 2021, the Carbon Border Adjustment Mechanism imposes an emission reporting obligation from 2023 and a carbon payment obligation from 2026 for five carbon-intensive sectors. In this context, VakıfBank calculates the expected credit loss provisions for customers operating in the cement, electricity, fertilizer, iron-steel and aluminium sectors, taking into account the risks of transition of the said carbon tax to the producers who export to EU countries and cannot switch to low-carbon production methods and technologies. In addition, we reduced the expected credit losses allocated for customers within the scope of YEKDEM (Renewable Energy Resources Support Mechanism), which was established to support renewable energy production, within the framework of TFRS9 legislation. In this way, we have ensured the positive separation of these customers in all our processes, taking into account the positive impact of our customers who support renewable energy production on the environment.
By expanding our "Environmental and Social Impact Assessment Policy" and our Exclusion List, we aim to increase the scope of information and documents to be received from portfolio clients, and to provide more input to portfolio risk assessment processes.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	As per our credit policy, environmentally friendly projects have priority in financing. We also provide financial incentives to individuals, SMEs and project owners to support their sustainability projects through loan programs from international banks. We provide financial support to sustainable energy investments & projects by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2022, we provided a total of 3.6 billion TL loans for 80 renewable energy investments. As of 2022, VakıfBank provided financing support to renewable energy projects amounting to TL 18.6 billion in total. As of 2022, renewable energy loans share in total Energy loans is 57%. In 2020, within the scope of the Green Mortgage project with the French Development Agency (AFD), we provided the largest loan amount of 200 million Euros in the Turkish banking sector. As the first bank in the sector to provide such a high level of environmental resources, we made use of the entire 100 million Euros, the first tranche we have withdrawn in this context, in 2022. In 2023, we aim to obtain the 2nd tranche of the Green Housing Project, the financing of EUR 100 million, from AFD and to continue our disbursements at the same pace. Every loan application to be financed within the scope of the Emergency Firm Support Project that we signed with the World Bank in 2020 must be subject to the Environmental and Social Risk Management System. In this context, we designed an Environmental and Social Risk Assessment Tool specific to the project and continued to provide loans within the scope of the Emergency Firm Support Package that we signed with the World Bank. In addition, in 2022, we offered loans to individual customers with advantageous interest rates for financing hybrid and electric vehicles with environmentally friendly vehicle loans. As the bank with the most sustainable-

		themed funding in its funding structure, VakıfBank renewed its sustainable-themed syndicated loan, amounting to a total of USD 1 billion, over 100% in May 2022. In this way, we focus on creating a positive indirect impact with the projects we finance, and give priority to environmentally friendly projects, energy efficiency and renewable energy projects in financing.
Supply chain and/or value chain	Yes	Our climate-related risks and opportunities have impacted our strategies, which are relevant to our stakeholders in the supply and value chain in the short term. Since Vakıfbank is a publicly traded company and is listed on Borsa Istanbul, we evaluate climate-related risks and opportunities within the scope of impact and market value. With our suppliers and business partners, who are among our stakeholders and have a significant impact on our business, we follow the economic intelligence reports every year within the scope of the agreements within the scope of the Banks Regulation and carry out our business processes for the Purchasing of Support Services. We evaluate the economic and managerial competencies of our suppliers and expect them to comply with the BRSA regulations and policies on the basis of contracts and agreements. We take care to ensure that all companies to be employed in the procurement of support services ensure the quality-cost balance in the best way, and we pay attention to some criteria in corporate, environmental and social areas. In this context, we request documents related to occupational health and safety and energy efficiency as a condition of signing contracts with our suppliers. We aim to work closely with suppliers to benefit from their suppliers' environmentally friendly products and services and try to spread sustainability practices throughout the supply chain. By using the e-tender method as an alternative, our bank also uses technological opportunities in the selection of our suppliers. In addition, within the scope of energy efficiency and cost analysis, we score electronic products according to their energy efficiency. In addition, we provide our suppliers who provide operational services with training in accordance with the nature of the work done in order not to compromise on our

		service quality and to contribute to the development of suppliers.
Investment in R&D	Yes	Our climate-related risks and opportunities have influenced our strategies for our R&D planning in the short term. Vakıfbank realized that Climate Change (CC) is a reality and that the creation and/or inclusion of CC mitigation and adaptation is a necessity. Vakıfbank invests in R&D activities to develop and improve products that reduce the carbon footprint of third parties, such as mobile and internet banking. As VakıfBank, we have made digital transformation a sustainable culture. We have developed applications that center digitalization. In this context, we launched the remote customer acquisition project. In addition, we continued to eliminate the use of paper in our Bank's processes by supporting the paperless banking model. With the new workflows we have designed, we both reduce paper consumption and significantly improve the processing times of our customers. In 2022, we prevented the consumption of more than 17 million papers.
Operations	Yes	While providing uninterrupted service to our customers with our nationwide operational network, we consider the physical effects of climate change (CC). Considering the effects of physical climate risks for the new branch location and for the existing branches, Vakıfbank will endeavor to minimize the possible physical effects of CC with its civil works unit. Until 2021, all branches and Headquarters have been certified within the scope of ISO 14001 Environmental Management System (EMS). We work to reduce the impacts and carbon footprints of our activities. For this, we monitor our environmental performance with an electronic database system that monitors monthly energy, waste & water data entries of our Head Office and all our branches and effectively manages our greenhouse gas emissions & energy consumption. We use central heating & cooling systems, energy efficient servers, A class inverter air conditioners & energy efficient products. We use LED systems for lighting, and we turn off computers and phones centrally after specified hours. In addition, 500 of our Bank's vehicles were replaced with hybrid versions in 2022. With our new Headquarters Building in Istanbul Finance

		Center, we became the first bank to have a LEED Gold certified Green Building Certificate. In the building, which was built by observing international standards on issues such as energy efficiency, water saving, environmentally friendly construction materials and recycling of waste, there are also green areas where employees can socialize, which attracts attention with its landscape architecture. Aiming to improve its sustainability performance criteria and to determine new roadmaps, VakıfBank has set a target to provide at least 90% of its electricity consumption from renewable energy. In addition, it is aimed to construct the Bank's Headquarters Building in Istanbul Finance Center as an environmentally friendly building and to be certified with the LEED-Gold certificate. With the main performance criterion of the second sustainable syndication loan of the year, it is aimed to minimize the use of plastic in all bank locations through water treatment systems to be commissioned in all branches of the Bank.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation Access to capital Assets Liabilities	We are aware that the financing of sustainable development plays an important role in the fight against climate change. In this context, we provide financial support to sustainable energy investments and projects by giving priority to renewable energy initiatives under the title of Sustainable Energy Finance. In 2022, we provided financing support of over 3.6 billion TL to 80 renewable energy projects with a total installed power of 1,365 MW. In the upcoming period, we will continue to provide financial support to renewable energy and resource efficiency projects. With the importance it attaches to its climate-related activities, Vakıfbank gained access to international funds. With the contribution of Vakıfbank's commitment to climate change, the funds provided increased its assets. Vakıfbank earns high income from the funds it provides from its international banking activities. It continues to cooperate with the World Bank (WB), European Bank for Reconstruction and Development (EBRD) and French Development Agency (AFD) in order to support the real sector with long-term and cost-effective resources.

		By the end of 2022, we increased the number of our customers making foreign trade transactions by 45% compared to the previous year. With our increasing number of customers and number of transactions, we increased our total foreign trade volume by 72% in 2022 compared to the previous year. Despite the monetary tightening and interest rate hike steps taken one after another in the global markets in 2022, we secured a total of US$ 3.3 billion in new resources from international markets. At the same time, we aim to offer our customers innovative products at the most favorable terms and to offer alternative financing opportunities in the field of foreign trade for many years, with our high technology, quality service, extensive correspondent bank network and know-how. We renewed our sustainability-themed syndication loan over 100% in May 2022 and signed an agreement worth 1 billion USD in total. In November 2022, we obtained a syndicated loan of USD 560.3 million with the highest renewal rate among commercial banks. Thus, in 2022, we became the bank that renewed its syndicated loans at the best rate with 97%. With the repo and syndicated loan transactions we realized, we continued to be the Turkish bank with the most sustainability-themed resources in this period. In December 2022, we signed the largest consistent, sustainability criteria-based, 2-year secured funding agreement between Turkish banks, amounting to 400 million Euros. As an indicator of our commitments in the field of sustainability, we have set new environmental and social-themed loans, including sub-categories such as green housing, environmentally friendly vehicles, and loans to women and young entrepreneurs, as the performance criteria of our secured funding process. In addition, minimizing the use of plastic in all our bank locations and reducing our total greenhouse gas emissions by 2 percent annually were among our criteria. We continue to extend our loans within the scope of the 250 million USD Emergency Firm Support Project Loan Agreement that we signed with the World Bank under the guarantee of the Turkish Ministry of Treasury and Finance.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition
Row 1	Yes, we identify alignment with our climate transition plan

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.

Financial Metric

Revenue/Turnover

Type of alignment being reported for this financial metric

Alignment with our climate transition plan

Taxonomy under which information is being reported

Objective under which alignment is being reported

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

1,258,617,406

Percentage share of selected financial metric aligned in the reporting year (%)

1.8

Percentage share of selected financial metric planned to align in 2025 (%)

1.8

Percentage share of selected financial metric planned to align in 2030 (%)

1.8

Describe the methodology used to identify spending/revenue that is aligned

The "sustainable" revenue has been determined in line with VakfBank's climate transition plan. This includes renewable energy loans, resource efficiency loans and other sustainable loans. 1.8% is calculated with the ratio of the revenue of sustainable loans to total revenue of the whole loans value.
For 2025 and 2030 values, it is expected that the sustainable loans will increase however these ratio can not be shared publicly as of 2022.

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

	Policy framework for portfolio activities that include climate-related requirements for clients/investees, and/or exclusion policies
Row 1	Yes, our framework includes both policies with climate-related client/investee requirements and climate-related exclusion policies

C-FS3.6a

(C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Type of policy

Credit/lending policy
Risk policy
Other, please specify
Sustainability Policy, Environmental Policy, Environmental and Social Impacts Management Policy in Lending Processes

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

Vakıfbank_Integrated Annual Report_2022.pdf

Criteria required of clients/investees

Disclosure of Scope 1 emissions
Disclosure of Scope 2 emissions
Other, please specify
To pass through Bank's Environmental & Social Risk Assessment System

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy
Materials
Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing

Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate
Other, please specify

All sectors of which fail in Bank's Environmental & Social Risk Assessment System

Exceptions to policy based on

Explain how criteria required, criteria coverage and/or exceptions have been determined

VakıfBank's Environmental and Social Impact Management Policy in Lending Processes and VakıfBank Unfunded Activities List in the annex of the said policy document were approved by our Bank's Board of Directors and published on our website. Then, the Procedure on the Management of Environmental and Social Impacts in VakıfBank Lending Processes came into effect. Accordingly, if the activity to be financed is not included in the VakıfBank Unfinanced Activities List, if it is within the scope of project loans and the loan application amount is over 20 million USD, these loan applications will be determined by the Excel-based Environmental and Social Assessment Tool and the risk category of the company. It was decided to define the risk categories as four classes: A (High), B+ (Mid-High), B- (Mid-Low), and C (Low).
We are aware that we have responsibility for the environmental and social impacts of the projects we finance within the framework of our responsible financing approach, which forms the basis of our duty to contribute to society and the environment. In this context, 'Environmental and Social Impact Assessment and Sustainability' is included as a special title in our Credit Policy Document in order to evaluate the environmental and social impacts of the projects we finance. In this way, we focus on creating a positive indirect impact with the projects we finance, give priority to environmentally friendly projects, energy efficiency and renewable energy projects in financing, and exclude certain sectors from the scope of prohibited sectors. We request the documents related to environmental standards of the projects before the project financing, and we determine the Environmental Impact Assessment (EIA) Reports as a prerequisite to determine the environmental impacts of all the projects we finance. In addition, scope 1 and scope 2 emissions are also requested from the customer.
We consider it our responsibility to monitor the continuity of the positive impact created in the projects we finance. This process, which we have implemented in the project finance phase within the framework of responsible banking approach, also facilitates our

cooperation with international financial institutions such as the World Bank, AFD and EBRD. Thus, we are able to successfully manage the process of meeting high ethical, environmental and social criteria, which are among the requirements of many projects we finance through relevant institutions.

C-FS3.6b

(C-FS3.6b) Provide details of your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Portfolio

Banking (Bank)

Type of exclusion policy

Other, please specify

Nuclear Energy, Illegal Fishing, Activities conducted in critical habitats including RAMSAR areas, CITES

Year of exclusion implementation

2020

Timeframe for complete phase-out

Already phased out

Application

New business/investment for new projects
New business/investment for existing projects
Existing business/investment for existing projects

Country/Area/Region the exclusion policy applies to

Turkey

Description

We request Environmental Impact Assessment (EIA) Reports as a prerequisite for the financing we provide in order to determine the environmental impacts of all projects. We also request documents related to environmental standards before the projects are financed. In addition to environmental criteria, we also evaluate the social impact of the projects. We expect the employees of the projects to meet various criteria such as human rights, ethical values, not employing child labor and forced labor. In addition, we do not provide financing to the following sectors under any circumstances.
Energy production using nuclear fuels Production or trade of weapons and landmines Production or activities involving illegal child labor Casinos, casinos and equivalent businesses Production or trade of alcoholic beverages Tobacco production or trade Illegal fishing
Activities carried out in critical habitats including RAMSAR areas, cross-border trade of wastes or disposals that do not comply with the Basel convention and relevant legislation,

Production or trade of wood or other forest products obtained from places other than sustainably managed forests, Production or trade of any product or activity subject to international prohibitions such as Medicinal Medicines, pesticides/herbicides, Production or trade of radioactive materials, in accordance with the laws and regulations of the Republic of Turkey Production or trade of Ozone Depleting Substances considered illegal, gambling, casinos and equivalent businesses activities deemed illegal under the laws and regulations of the Republic of Turkey, Activities related to pornography and prostitution, activities that pose a threat to UNESCO World Heritage Sites and critical cultural heritage sites Production or trade of weapons, weapons of mass destruction and ammunition and land mines other than those financed/supported by the government. Many of the projects we finance in collaboration with these organizations require meeting high ethical, environmental and social standards. We have completed our efforts to establish an Environmental and Social Risk Management System in loan allocation processes within the scope of the funding we have obtained from AFD. In this context, in 2022, we first published the Environmental and Social Impacts Management Policy and the Not-Financed Activities List in its appendix. We also created the Procedure for Managing Environmental and Social Impacts in Crediting Processes.

C-FS3.8

(C-FS3.8) Does your organization include covenants in financing agreements to reflect and enforce your climate-related policies?

	Climate-related covenants in financing agreements
Row 1	Yes

C-FS3.8a

(C-FS3.8a) Provide details of the covenants included in your organization's financing agreements to reflect and enforce your climate-related policies.

Types of covenants used	Asset class/product types	Coverage of covenants	Please explain
Purpose or use of proceeds clause refers to sustainable project Covenants related to compliance with your policies	Corporate loans Corporate real estate Project finance	All business/investment for all projects	We committed to start applying our "Environmental and Social Impact Assessment Policy" and Exclusion List to all segments except retail banking in 2021. This decision was taken by the Sustainability Committee at the first meeting of the Committee in 2022. In addition, clauses in our contracts stating that customers will share evidence documents according to the type of project in financing made according to the Sustainable Finance Framework. For example, in Green building loans given

			according to the framework, it is a must to obtain the LEED or BREEAM documents of the buildings from the customer during the lending process.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target
Portfolio target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Target ambition

1.5°C aligned

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 1
Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Base year

2021

Base year Scope 1 emissions covered by target (metric tons CO2e)

12,795.11

Base year Scope 2 emissions covered by target (metric tons CO2e)

31,282.5

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

44,077.61

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2032

Targeted reduction from base year (%)

51

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

21,598.0289

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

12,824.92

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

111.94

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

12,936.87

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

138.5290048843

Target status in reporting year

New

Please explain target coverage and identify any exclusions

This is an SBTi approved emission reduction target for Vakıfbank's scope 1 and scope 2. Target covers all operations in all geographies and no exclusions apply.
The target ambition is 1.5 degrees aligned, meeting the minimum annual lineer reduction of 4.2%.
FLAG emissions is not included since these emissions are not applicable for Vakıfbank. Biogenic emissions are also not applicable.

Plan for achieving target, and progress made to the end of the reporting year

Vakıfbank will implement the following strategy and actions to achieve its targets: Increased engagement activities with clients, establishing lending policies to increase low-carbon financings and reduce financed emissions, integrating ESG and climate related criteria to its lending policies, providing its clients with low-carbon products and services. Additionally Vakıfbank will continuously provide support and sources to its clients to report and reduce their GHG emissions.

List the emissions reduction initiatives which contributed most to achieving this target

C-FS4.1d

(C-FS4.1d) Provide details of the climate-related targets for your portfolio.

Target reference number

Por1

Year target was set

2022

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

Project finance

Sectors covered by the target

Energy

Target type

Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity

Intensity

Scopes included in temperature alignment

Metric (or target numerator if intensity)

Metric tons CO2e

Target denominator

kWh

Base year

2021

Figure in base year

0.761

Percentage of portfolio emissions covered by the target

19

Monetary metric for portfolio coverage (unit currency as reported in C0.4)

Loan book value

Percentage of portfolio covered by the target, using a monetary metric

0.3

Frequency of target reviews

Annually

Interim target year

2032

Figure in interim target year

0.361

Target year

2032

Figure in target year

0.361

Figure in reporting year

0.761

% of target achieved relative to base year [auto-calculated]

0

Aggregation weighting used

Proportion of portfolio emissions calculated in the reporting year based on asset level data

19

Proportion of the temperature score calculated in the reporting year based on company targets

Target status in reporting year

Underway

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

Well-below 2°C aligned

Please explain target coverage and identify any exclusions

This target covers portfolio emission of electricity project finance lendings. The intensity figure is tCO2eq emissions per kWh. The base year is 2021 and the base year value is 0.761.
The target has been submitted to SBTi in 2022 and validated in 2023.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production
Net-zero target(s)
Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 2

Year target was set

2020

Target coverage

Company-wide

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2020

Consumption or production of selected energy carrier in base year (MWh)

68,648

% share of low-carbon or renewable energy in base year

25.1

Target year

2030

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

99.67

% of target achieved relative to base year [auto-calculated]

99.5594125501

Target status in reporting year

Underway

Is this target part of an emissions target?

ABS1

Is this target part of an overarching initiative?

Science Based Targets initiative

Please explain target coverage and identify any exclusions

In line with our vision of reducing our environmental footprint and supporting a low carbon economy, we aim to purchase electricity generated from 100% renewable sources.
Our renewable electricity usage rate in 2021 was calculated as 82.7% and we aim to maintain and increase this renewable energy rate. Thus, it will provide a significant reduction in both Scope 2 and Scope 1+2 emissions. This will have a significant impact on Vakıfbank's achievement of its Scope 1-2 emission reduction target.
100% renewable electricity consumption target by 2030, Supports ABS1 emission reduction target, which is SBT aligned.
Even domestic and international branches and operations are included in the target. However, due to geographical restrictions, I-recs are only valid for domestic electricity purchases. This explains why the proportion of renewable energy in total consumption does not reach 100% in 2022.

Plan for achieving target, and progress made to the end of the reporting year

Use of guarantee of origin ceritifications will continue. Energy use will be decreased with emission reduction activities. So far in 2022, more than 99% of total electricity is from renewable sources. However, due to geographical restrictions, I-recs are only valid for domestic electricity purchases. This explains why the proportion of renewable energy in total consumption does not reach 100%.

List the actions which contributed most to achieving this target

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2021

Target coverage
Company-wide

Target type: absolute or intensity
Intensity

Target type: category & Metric (target numerator if reporting an intensity target)
Energy consumption or efficiency
kWh

Target denominator (intensity targets only)
square meter

Base year
2021

Figure or percentage in base year
109.93

Target year
2022

Figure or percentage in target year
104.43

Figure or percentage in reporting year
101

% of target achieved relative to base year [auto-calculated]
162.3636363636

Target status in reporting year
Achieved

Is this target part of an emissions target?
No

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

We aim to reduce our use of electricity energy through continuous energy efficiency projects driven in our HQ and branch buildings. In addition to them, we are raising the awareness for behavioral change by training and communication activities. We implemented many projects to increase the energy efficiency and reduce the use of electricity energy particularly at our all branches, which are located over 900 offices. Surface area of our branches in 2021 is 610,356 m2 and electricity use was 67,097,125 kWh. The target is to reduce the electricity energy use (MWh) per surface area (square meter) of our branches' intensity figure by 5% in 2022.
In 2022, Total area was 649,558 m2 and total electricity use was 65,604,495 kWh. Therefore, the intensity figure has decreased from 109.93 in 2021 to 101 kWh/m2 in 2022.

Plan for achieving target, and progress made to the end of the reporting year

List the actions which contributed most to achieving this target

Emission reduction initiatives has a great impact to achieve this target.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Target year for achieving net zero

2050

Is this a science-based target?

Yes, we consider this a science-based target, but we have not committed to seek validation of this target by the Science Based Targets initiative within the next two years

Please explain target coverage and identify any exclusions

This target covers VakıfBank's scope 1&2 emissions reaching net-zero by 2050. This is an internal net-zero target for VakıfBank. This target is not related to any initiatives.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Unsure

Planned milestones and/or near-term investments for neutralization at target year

Planned actions to mitigate emissions beyond your value chain (optional)

N/A

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	1	94.15
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Transportation

Company fleet vehicle replacement

Estimated annual CO2e savings (metric tonnes CO2e)

94.15

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

829,780

Investment required (unit currency – as specified in C0.4)

93,473,004

Payback period

4-10 years

Estimated lifetime of the initiative

3-5 years

Comment

In 2022, VakıfBank's company vehicle fleet has a total of 505 hybrid cars. The total emission reduction due to hybrid cars in 2022 is about 95 tonnes of CO2eq

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	Environmental Management Service (EMS) developed the energy profile of each branch and delivered it to them to foster behavioral change about mitigating the effects of Climate Change. In addition to energy profile of the branch, the energy and emission saving guide internally developed by EMS steers, enlightens, and engages the employees of VakıfBank for emission reduction activities.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

Low-Carbon Investment (LCI) Registry Taxonomy

Type of product(s) or service(s)

Power
Hydropower

Description of product(s) or service(s)

VakıfBank provides electricity generation project finance lending to its customers. These lendings are classified as low-carbon, since the electricity source are renewables. The renewable sources include solar power, hydroelectric power, wind power, geothermal and biogenic sources. The total portfolio value of these renewable financing in 2022 is 18.5 billion TRY.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

The Avoided Emissions Framework (AEF)

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Use stage

Functional unit used

tCO2e saved per GWh

Reference product/service or baseline scenario used

Products that help clients avoid emissions are the renewable electricity generation financings for VakıfBank. The baseline scenario is the electricity generation from gas. Therefore, the use phase of electricity generation financings is where the avoided emissions occur. When electricity is generated from renewables, the avoided emissions are reported in this question.

Life cycle stage(s) covered for the reference product/service or baseline scenario

Use stage

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

3,964,126

Explain your calculation of avoided emissions, including any assumptions

Avoided emissions has been calculated in line with The Avoided Emissions Framework. Each of the renewable electricity generation project lending has been gathered from Vakıfbank internal systems.
Total GWh electricity production has been gathered from third party sources. Then using the emissions factors for each renewable source from The Avoided Emissions Framework, avoided emissions has been calculated and found to be 3,964,126 tCO2eq.

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

1.8

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Banking

Corporate loans

Taxonomy or methodology used to classify product

Green Bond Principles (ICMA)

Description of product

When the transition to a low carbon economy shaped the sustainable development agenda, the Bank has been playing an active role in this transition by effectively managing environmental risks not only for its direct operations but also for its indirect impacts emerging through its financing activities. In this respect, VakıfBank's strategy to combat climate change is based on three pillars. One of them is Sustainable Energy Finance: This provides financing support for sustainable energy projects by giving priority to renewable energy investments.

In order to finance projects that will deliver environmental, social and/or environmental benefits to support VakıfBank's business strategy and vision, VakıfBank has elected to create a Sustainable Finance Framework.
The Sustainable Finance Framework articulates how VakıfBank intends to raise Sustainable Financing Instruments to finance and/or refinance new and existing loans to its clientele and internal projects with environmental and/or social benefits.
"Sustainable Financing Instruments" includes Green, Social and Sustainability Bonds and Loans and other debt or financing instruments that fund Eligible Green and Social Projects that conform to the sustainable finance principles listed below:
• International Capital Market Association ("ICMA") Green Bond Principles ("GBP") 2018;
• International Capital Market Association ("ICMA") Social Bond Principles ("SBP") 2018;
• International Capital Market Association ("ICMA") Sustainability Bond Guidelines

("SBG")2018; and/or
• Loan Market Association ("LMA") Green Loan Principles 2018

Additionally, VakıfbBank has different Sustainability linked products such as Green&Social assets, syndication, eurobonds, repo transactions.

The portfolio value of these Sustainability linked products are 100 Billion TRY as of 2022. The total portfolio value is 933.5 Billion TRY. Therefore, sustainability linked products make 10.8% of total portfolio in 2022.

Product enables clients to mitigate and/or adapt to climate change

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)

100,699,870,783

% of total portfolio value

10.8

Type of activity financed/insured or provided

Green buildings and equipment
Low-emission transport
Renewable energy
Paperless/digital service

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?
Row 1	No

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start
January 1, 2021

Base year end
December 31, 2021

Base year emissions (metric tons CO2e)
12,795.11

Comment
Scope 1 emissions are sourced from combustion of fossil fuels for heating, generators, company cars and leakages from refrigerants and fire extinguishers.

Scope 2 (location-based)

Base year start
January 1, 2021

Base year end
December 31, 2021

Base year emissions (metric tons CO2e)
31,282.5

Comment
Scope 2 emissions are due to imported energy.

Scope 2 (market-based)

Base year start
January 1, 2021

Base year end
December 31, 2021

Base year emissions (metric tons CO2e)
31,282.5

Comment

Scope 2 market based emissions are due to imported energy sourced from the grid in 2021. Guarantee of Origin certifications are available in Turkey however no I-rec were purchased for Vakıfbank in 2021.

Scope 3 category 1: Purchased goods and services

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

1,751.54

Comment

Our Scope 3 calculation is conducted according to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. ISO 14064 have been used to calculate Scope 3 emissions caused by purchased goods and services.

Scope 3 - Category 1 emissions include our paper consumption and water supplied from the mains

Scope 3 category 2: Capital goods

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

1,720.36

Comment

VakıfBank, has improved its GHG inventory in 2022. Base year emissions has been also screened for the new GHG categories.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

5,782.23

Comment

VakıfBank, has improved its GHG inventory in 2022. Base year emissions has been also screened for the new GHG categories.

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

52,265.8

Comment

VakıfBank, has improved its GHG inventory in 2022. Base year emissions has been also screened for the new GHG categories.

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

9.62

Comment

As we are a bank, the biggest amount of waste needs to be focused and treated is paper. We send waste papers to recycling processes to third parties. In addition to paper wastes, waste plastics, metals and glasses are separated and gathered inline with our Waste Management System.

Our Scope 3 calculation is conducted according to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Scope 3 category 6: Business travel

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

364.8

Comment

Scope 3 - Category 6 emissions include flights for business travel.

Our Scope 3 calculation is conducted according to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Scope 3 category 7: Employee commuting

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

1,289.11

Comment

Emissions from personnel services are calculated under this category.

Our Scope 3 calculation is conducted according to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Scope 3 category 8: Upstream leased assets

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

We are a deposit bank, and we have no upstream leased assets. Therefore, there is no emissions in Scope 3 resulted from the upstream leased assets.

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

44.51

Comment

The post and cargos Vakıfbank sent are considered in this category (Usually light items) Our Scope 3 calculation is conducted according to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Scope 3 category 10: Processing of sold products

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

As we are providing deposit banking services, there is emissions released due to processing of sold products.

Scope 3 category 11: Use of sold products

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

As we did not calculate our Scope 3 - Category 11 emissions in our base year, we assumed this category's emissions is equal to zero.

Scope 3 category 12: End of life treatment of sold products

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

As Vakıfbank, we are providing deposit banking services, we do not have emissions related to the end-of-life of our banking services.

Scope 3 category 13: Downstream leased assets

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

As we have no downstream assets leased by Vakıfbank, we have no emissions under this category.

Scope 3 category 14: Franchises

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

We have no emissions related to the franchises, because we have no franchises.

Scope 3 category 15: Investments

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

Category 15 emissions are disclosed in C14.

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
IEA CO2 Emissions from Fuel Combustion
IPCC Guidelines for National Greenhouse Gas Inventories, 2006
ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance
The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard
US EPA Center for Corporate Climate Leadership: Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases
Other, please specify
tappwater and European Mail Industry Platform and European Union Emission Trading System (EU ETS): The Monitoring and Reporting Regulation (MMR) – General guidance for installation

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

12,825.26

Start date

January 1, 2022

End date

December 31, 2022

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)

12,795.11

Start date

January 1, 2021

End date

December 31, 2021

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

28,528.94

Scope 2, market-based (if applicable)

111.94

Start date
January 1, 2022

End date
December 31, 2022

Comment

Past year 1

Scope 2, location-based
31,282.5

Scope 2, market-based (if applicable)
31,282.5

Start date
January 1, 2021

End date
December 31, 2021

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
1,181.89

Emissions calculation methodology
Supplier-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

"Paper and water consumption are calculated under this section. For water consumption both tap water and bottled water is considered.
ISO 14064 have been used to calculate Scope 3 emissions caused by purchased goods and services."

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,160.85

Emissions calculation methodology

Supplier-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Vakıfbank, is providing banking services and its capital goods are IT equipment, furniture and buildings where its services are provided.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

5,795.86

Emissions calculation methodology

Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Vakıfbank is providing banking services and its "fuel-and-energy-related activities (not included in Scope 1 or 2)" are particularly transportation of fuels and distribution of electricity energy consumed by Vakıfbank. This category includes WTT of fuels and

T&D of electricity.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

35,662.96

Emissions calculation methodology

Average data method
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

In this category, emissions of customers transportation to VakıfBank Branches and Headquarters. Transportation emissions of cargo sent and paid for by VakıfBank are also included in this category. ISO 14064 have been used in calculations.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

12.89

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

"Even though, Vakıfbank has a wide-spread network of branches all over Turkey, we monitor and manage our wastes. We send waste papers to recycling processes to third parties. As we are a bank, the biggest amount of waste needs to be focused and treated is paper. In addition to paper wastes, waste plastics, metals and glasses are separated and gathered inline with our Waste Management System. Including our HQ Buildings and all branches are holding ISO 14001 Environmental Management certificate. Additionally, waste oil is formed from catenaries at the HQ buildings.
ISO 14064 have been used to calculate Scope 3 emissions caused by waste generated in operations."

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

5,255.17

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

"Since Vakıfbank is a deposit bank with a wide span of branch network all around Turkey, business air travels are used for audit and business purposes. However, alternative channels such as videoconferencing and teleconferencing are applied to avoid emissions.
After flight data are gathered from Vakıfbank's travel agency, the distance of each flight leg was determined. The corresponding conversion factors published by US EPA are used in the calculation of related emissions. It is calculated with the appropriate emission factor based on the distance of the flight, categorized in 3 classes as short, medium and long hauls.
ISO 14064 have been used to calculate Scope 3 emissions caused by business travel."

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

879.61

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

"Vakıfbank provides employee commuting to its employees for their well-being. Also, Bank strives to decrease the number of employees using their own cars for commuting, otherwise the carbon footprint could increase due to using their own cars individually.
ISO 14064 have been used to calculate Scope 3 emissions caused by our employee

commuting."

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

We are deposit bank, and we have no upstream leased assets. Therefore, there is no emissions in Scope 3 resulted from the upstream leased assets. The only leased assets are a group of company cars leased for long term and their fuel consumptions are already accounted for under Scope 1. Leased cars are included into Scope 1 emissions because The Bank has a direct control over the fuels of those vehicles.

Downstream transportation and distribution

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

12.92

Emissions calculation methodology

Average product method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

As we are a bank, our relevant downstream transportation and distribution is resulted from the mailing (courier/cargo) activity. Therefore, we calculated the emissions released by that activity. Postage emission per delivery is taken from “The Facts of Our Value Chain” report of European Mail Industry Platform. ISO 14064 have been used to calculate Scope 3 emissions caused by downstream transportation and distribution

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

As we are providing deposit banking services, there is emissions released due to processing of sold products.

Use of sold products

Evaluation status

Not relevant, explanation provided

Please explain

As we are providing deposit banking services, there is emissions released due to use of sold products

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

As Vakıfbank, we are providing deposit banking services, we do not have emissions related to the end-of-life of our banking services.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

As we have no downstream assets leased by Vakıfbank, we have no emissions under this category.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

We have no emissions related to the franchises, because we have no franchises.

Investments

Evaluation status

Not relevant, explanation provided

Please explain

emissions due to investment is provided in C14.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

N/A

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

N/A

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date

January 1, 2021

End date

December 31, 2021

Scope 3: Purchased goods and services (metric tons CO2e)

1,751.54

Scope 3: Capital goods (metric tons CO2e)

1,720.36

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

5,782.23

Scope 3: Upstream transportation and distribution (metric tons CO2e)

52,265.8

Scope 3: Waste generated in operations (metric tons CO2e)

9.62

Scope 3: Business travel (metric tons CO2e)

364.8

Scope 3: Employee commuting (metric tons CO2e)

1,289.11

Scope 3: Upstream leased assets (metric tons CO2e)

0

Scope 3: Downstream transportation and distribution (metric tons CO2e)

44.51

Scope 3: Processing of sold products (metric tons CO2e)

0

Scope 3: Use of sold products (metric tons CO2e)

0

Scope 3: End of life treatment of sold products (metric tons CO2e)

0

Scope 3: Downstream leased assets (metric tons CO2e)

0

Scope 3: Franchises (metric tons CO2e)

0

Scope 3: Investments (metric tons CO2e)

0

Scope 3: Other (upstream) (metric tons CO2e)

0

Scope 3: Other (downstream) (metric tons CO2e)

0

Comment

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00013

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

12,937

Metric denominator

unit total revenue

Metric denominator: Unit total

99,325,029

Scope 2 figure used

Market-based

% change from previous year

92

Direction of change

Decreased

Reason(s) for change

Change in renewable energy consumption
Other emissions reduction activities
Change in revenue

Please explain

The intensity value of 2021 has been updated with revised GHG emissions. İntensity value in 2021 recalculated as 0.00161 with total scope 1&2 being 44,078 tCO2eq and total revenue being 27,363,201,000 TRY. In 2022. total unit revenue is 99,325,029,000 TRY and total scope 1&2 emission is 12,937 tCO2eq.
The intensity value has decreased 92%. this change is due to change in renewable energy use that is accounted in scope 2 market based emissions. other than that, the inflation of TRY has caused revenue to increase.

Intensity figure

0.8

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

12,937

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

16,961

Scope 2 figure used

Market-based

% change from previous year

29

Direction of change

Decreased

Reason(s) for change

Change in output
Change in revenue

Please explain

The intensity value has decreased 29% from 2021 due to change in renewable energy use that is accounted in scope 2 market based emissions. Other than that, the number of employees has increased by 0.2% since 2021.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	10,789	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	14	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	103	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	1,918	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

Country/area/region	Scope 1 emissions (metric tons CO2e)
Turkey	12,825

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Fuel Combustion (for Generators)	94
Heating	4,660
Fugitive gas (from Fire extinguishers)	1
Fugitive gas from AC	1,917
Company Fleet	6,153

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Iraq	26.94	26.94
Bahrain	18.65	18.65
United States of America	63.61	63.61
Turkey	28,417	0
Qatar	2.75	2.75

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Banking	28,528.94	111.94

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Not relevant as we do not have any subsidiaries

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	31,170.56	Decreased	71	VakıfBank has utilized guarantee of origin certificates for its electricity use in 2022. This has caused its scope 2 market based emissions to decrease by almost 100%. The total decrease is scope 1&2 total is 71%. This has been calculated as: total scope 1&2 in 2021: 44,078 tCO2eq change in renewable energy consumption: 31,170.56 percentage: 31,170.56/44,078=71%
Other emissions reduction activities	94	Decreased	0.21	"Other emission reduction activities have been given in C4.3b. The total emission reduction due to company fleet change is 94 tonns CO2eq. The percentage calculation is: total scope 1&2 in 2021: 44,078 tCO2eq other emission reduction activities: 94 percentage: 94/44,078=0.21%"
Divestment				
Acquisitions				
Mergers				
Change in output	124	Increased	0.28	"Emissions in 2022 has been increased by 124 tonnes CO2eq due to

				change in output. This is due to little increase of energy used in operations. total scope 1&2 in 2021: 44,078 tCO2eq other emission reduction activities: 124 percentage: 124/44,078=0.28%"
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes

Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	46,404.34	46,404.34
Consumption of purchased or acquired electricity		65,354.15	250.35	65,604.5
Total energy consumption		65,354.15	46,654.69	112,008.84

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

LHV

Total fuel MWh consumed by the organization

0

Comment

Other biomass

Heating value

LHV

Total fuel MWh consumed by the organization

0

Comment

Other renewable fuels (e.g. renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

0

Comment

Coal

Heating value

LHV

Total fuel MWh consumed by the organization

5.72

Comment

Oil

Heating value

LHV

Total fuel MWh consumed by the organization

814.21

Comment

Gas

Heating value

LHV

Total fuel MWh consumed by the organization

22,390.18

Comment

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

0

Comment

Total fuel

Heating value

LHV

Total fuel MWh consumed by the organization

23,210.11

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

Country/area of low-carbon energy consumption

Turkey

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

16,511

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2017

Comment

Country/area of low-carbon energy consumption

Turkey

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

14,731

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2012

Comment

Country/area of low-carbon energy consumption

Turkey

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

34,150

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2014

Comment

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area
Turkey

Consumption of purchased electricity (MWh)
65,604

Consumption of self-generated electricity (MWh)
0

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

65,604

Country/area
Bahrain

Consumption of purchased electricity (MWh)
27.07

Consumption of self-generated electricity (MWh)
0

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

27.07

Country/area

Iraq

Consumption of purchased electricity (MWh)

37.49

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

37.49

Country/area

United States of America

Consumption of purchased electricity (MWh)

180.04

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

180.04

Country/area

Qatar

Consumption of purchased electricity (MWh)

5.75

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

5.75

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Energy usage

Metric value

3.87

Metric numerator

Energy Use in MWh

Metric denominator (intensity metric only)

Full Time Equivalent Employee (FTE)

% change from previous year

2

Direction of change

Decreased

Please explain

the intensity metric is MWh energy use per employee. The value was 3.96 in 2021. Intensity figure has decreased by 2% and in 2022 figure was 3.87.

Description

Energy usage

Metric value

0.1

Metric numerator

Energy use in MWh

Metric denominator (intensity metric only)

Total surface area of Vakıfbank premises in m2

% change from previous year

8

Direction of change

Decreased

Please explain

the intensity metric is MWh energy use per m2 area of Vakıfbank. The value was 0.11 in 2021. Intensity figure has decreased by 8% and in 2022 figure was 0.10.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Vakıfbank ISO 14064-2018 Assessment Report_2022_ENG.PDF

Page/ section reference

Emission values: Page 13
opinion of verifier: Page 13

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement

Vakıfbank ISO 14064-2018 Assessment Report_2022_ENG.PDF

Page/ section reference
Emission values: Page 13
opinion of verifier: Page 13

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Vakıfbank ISO 14064-2018 Assessment Report_2022_ENG.PDF

Page/ section reference

Emission values: Page 13
opinion of verifier: Page 13

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services
Scope 3: Capital goods
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
Scope 3: Upstream transportation and distribution
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting
Scope 3: Investments
Scope 3: Downstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Vakıfbank ISO 14064-2018 Assessment Report_2022_ENG.PDF

Page/section reference

Emission values: Page 13
opinion of verifier: Page 13

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Energy consumption	ISO-14064-3	energy used in 2022 has been verified. [1]

[1]Vakıfbank ISO 14064-2018 Assessment Report_2022_ENG.PDF

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.

Project type

Hydro

Type of mitigation activity

Emissions reduction

Project description

CDM Project 4776: Run-of-the-river Hydroelectric Power Project in Uttarakhand

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

13,000

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

No

Vintage of credits at cancellation

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

CDM (Clean Development Mechanism)

Method(s) the program uses to assess additionality for this project

Other, please specify

Consolidated baseline methodology for grid-connected electricity generation from renewable sources

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting

Provide details of other issues the selected program requires projects to address

N/A

Comment

N/A

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Type of internal carbon price

Shadow price

How the price is determined

Price/cost of voluntary carbon offset credits

Objective(s) for implementing this internal carbon price

Change internal behavior
Drive energy efficiency
Drive low-carbon investment
Navigate GHG regulations

Scope(s) covered

Scope 1
Scope 2

Pricing approach used – spatial variance

Uniform

Pricing approach used – temporal variance

Static

Indicate how you expect the price to change over time

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)

2,000

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)

4,000

Business decision-making processes this internal carbon price is applied to

Operations
Risk management

Mandatory enforcement of this internal carbon price within these business decision-making processes

Yes, for all decision-making processes

Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan

We wanted to contribute and support to low carbon economy, especially in Turkey. Therefore, we voluntarily bought 13.000 tCO2e originated from a hydro power plant in Verified Carbon
Standards. The use of internal carbon price is effective in operational projects and risk management processes. As of December 31st 2022 the carbon price has been assumed to be between 100 ans 200 Eur. The EUR/TRY exchange rate was 20 on the same date. Therefore the minimum and maximum values are calculated to be 2000 and 4000 TRY.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers/clients
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Facilitate adoption of a unified climate transition approach with suppliers

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

Our Bank selects its suppliers in accordance with the Supplier Selection and Compliance Policy. The processes for the selection of new suppliers, the behaviors expected to be followed by the existing suppliers and their expectations regarding the continuity of the product/service are included in this policy.

In order to ensure that the needs of our Bank are met on time with the most suitable prices and conditions, the most appropriate supplier selection is made in accordance with the Purchase, Sale and Tender Regulation.
Clear rationale for the coverage: Our bank aims to work closely with its suppliers in order to benefit from its suppliers' environmentally friendly products and services and tries to spread sustainability throughout the supply chain. VakıfBank requires all of its suppliers to meet waste disposal regulations in Turkey. This applies all of its suppliers regardless of the percentage of total purchasing values. Therefore the values for suppliers engaged is provided as 100%.

Impact of engagement, including measures of success

For example, suppliers are required to meet laws and regulations regarding environment and climate change. In case of suppliers facing litigation due to not meeting the laws VakıfBank may be affected reputationally. This provides VakıfBank the opportunity to engage with its suppliers in terms of environment and climate change issues. In case of suppliers not meeting the related laws and regulations, VakıfBank guide its suppliers to meet the regulations. As of 2022, the suppliers required to meet this is 100%. The measure of success is therefore determined to be the highest percentage of suppliers meet these criteria. As a result of this climate interaction strategy, VakıfBank took action against the climate crisis in its supply chain.

Comment

N/A

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Collaboration & innovation
Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number

17.23

% of customer - related Scope 3 emissions as reported in C6.5

99.1

Please explain the rationale for selecting this group of customers and scope of engagement

With the establishment of the environmental social management system (ESMS) in 2022, the effects of customers' climate change risks began to take place in the lending processes. In the coming years, with the increase in the number of customers subject to the ESMS, there will be an increase in the number of customers reporting their greenhouse gas emissions. Because customers subject to ESMS make a commitment

to report their GHG emissions to VakıfBank until the end of the financed project. Thus, scope 1-2 emission information will be obtained from each customer whose risk assessment is made through the ESMS. The increase in the number of customers reporting their GHG emissions is a metric that VakıfBank monitors for its interaction with customers.

Impact of engagement, including measures of success

In order to support this engagement and increase the number of customers GHG reporting metric, VakıfBank will continue to provide information to its customers regarding the decarbonization of carbon-intensive sectors within the ESMS processes. The measure of success is the percentage of clients reporting their GHG emissions through ESMS in total. In 2022, the ESMS was established. In the following years it is expected that the clients subjected to ESMS will increase. Therefore it is expected that the number of clients reporting their emissions will be 100% in total clients subjected to ESMS.

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients

Customers/clients of Banks

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Engage with clients and potential clients, particularly those with the most GHG-intensive and GHG-emitting activities, on their decarbonization strategies and net-zero transition pathways

% client-related Scope 3 emissions as reported in C-FS14.1a

99.1

Portfolio coverage (total or outstanding)

17.23

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

With the establishment of the environmental social management system (ESMS) in 2022, the effects of customers' climate change risks began to take place in the lending processes. In the coming years, with the increase in the number of customers subject to the ESMS, there will be an increase in the number of customers reporting their greenhouse gas emissions. Because customers subject to ESMS make a commitment

to report their GHG emissions to VakıfBank until the end of the financed project. Thus, scope 1-2 emission information will be obtained from each customer whose risk assessment is made through the ESMS. The increase in the number of customers reporting their GHG emissions is a metric that VakıfBank monitors for its interaction with customers.

Impact of climate-related client engagement strategy: In order to support this engagement and increase the number of customers GHG reporting metric, VakıfBank will continue to provide information to its customers regarding the decarbonization of carbon-intensive sectors within the ESMS processes. The measure of success is the percentage of clients reporting their GHG emissions through ESMS in total. In 2022, the ESMS was established. In the following years it is expected that the clients subjected to ESMS will increase. Therefore it is expected that the number of clients reporting their emissions will be 100% in total clients subjected to ESMS.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

In region, we are providing many green finance products to the market, such as sustainable syndication loans, sustainable Eurobond issuance. We are a member of Turkish Banks Association and an active member of the sustainable banking group under TBA. We engage with our sectorel partners mainly at that association. In our direct operations, we frequently engage with governmental organizations. Vakıfbank has ISO 14001 certificates at all locations of operation and also conducting Zero-Waste processes.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

Yes, climate-related requirements are included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

Climate-related requirement

Complying with regulatory requirements

Description of this climate related requirement

Suppliers providing products and/or services to our VakıfBank are primarily expected to comply with all legal legislation in effect/to be put into effect, and provisions of agreements signed with the suppliers, and specifications, and particularly the

confidentiality provisions. It is undertaken in the signed agreements that the suppliers shall comply with all legal legislation in effect / to be put into effect, and the agreement provisions. This applies to each and every one of the Bank's suppliers therefore the percentages are provided as 100%.

% suppliers by procurement spend that have to comply with this climate-related requirement

100

% suppliers by procurement spend in compliance with this climate-related requirement

100

Mechanisms for monitoring compliance with this climate-related requirement

Supplier scorecard or rating

Response to supplier non-compliance with this climate-related requirement

Retain and engage

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers
Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

Vakıfbank_Integrated Annual Report_2022.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

In 2014, the “Sustainability Guide for the Banking Sector” was published by the Banks Association of Turkey (TBB). Subsequently, the “BIST Sustainability Index” was created by Borsa Istanbul (BIST). In 2021, the “3.2.5. The 2022-2025 Sustainable Banking Strategic Plan regarding the action "Determining a roadmap for the development of

sustainable banking" was announced. Also (IIF) “Sustainable Finance Workshop” was organized by the Banks Association of Turkey (TBB) and the International Finance Institute.
As a result, our country and the Turkish banking sector continue to carry out important studies on the management of environmental and social risks within the scope of combating climate change.
As VakıfBank, we participate in these studies by providing feedback.
The focal points of the feedbacks are as follows: Emission reduction activities, emission trading system, behavior change, use of renewable energy, reduction of fossil fuel car use, energy efficiency projects, reduction of natural gas consumption, reduction of coal/lignite consumption.

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

The Banking Regulation and Supervision Agency (BRSA) received information and opinions from banks about the ratio of their portfolios to emission-intensive sectors in lending and investment activities. It is expected that the study will guide the updating of MRV and ETS systems in Turkey.

Category of policy, law, or regulation that may impact the climate

Carbon pricing, taxes, and subsidies

Focus area of policy, law, or regulation that may impact the climate

Emissions trading schemes

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Turkey

Your organization’s position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

In 2022, Vakıfbank participated and provided feedback to the BRSA's work on determining the risks of carbon-intensive sectors.
For this, a current situation analysis of carbon-intensive customers in the bank's portfolio was made. Credit risk analysis was carried out for carbon-intensive sectors within the framework of the criteria presented by the BRSA over the banking systems. The outputs of the study were submitted to the BRSA.
As the output of the study, it was observed how the carbon-intensive sectors in Turkey

were affected by the developing regulations regarding the climate in the European Union.
As a result of this study, information has been obtained showing how the Border Carbon Regulation Mechanism will affect Vakıfbank's credit risks. It is expected that the study will guide the updating of MRV and ETS systems in Turkey.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

In order to Vakıfbank's portfolio to decarbonize, clients must be more aware of the climate change related risk and opportunities. This study shows how the impacts of CBAM on carbon intensive sectors will affetc banks indirectly.

In this regard, within the scope of the financing process, it is of great benefit to evaluate mechanisms and/or regulation alternatives that will create motivation for companies or impose an obligation to share, in order to ensure banks' access to emission data. It is critical for companies to develop awareness and capacity regarding the transformation process, to establish the necessary institutional infrastructure, especially corporate governance and reporting, and to create investment plans and projects without delay in terms of accessing the financing required by these investments. Therefore this study has a great impact on the improvements of decarbonization of the Banks portfolio.

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify

Turkish Banks Association

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

The purpose of the Association is to preserve the rights and benefits of banks, to carry on studies for the growth of the banking sector, for its robust functioning and the development of banking profession, strengthening of competition power, to take the decisions/ensure that they are taken to prevent unfair competition, to implement and demand implementation of these decisions, in line with the principles of open market economics and perfect competition and the regulations, principles and rules of banking.

"The Role of the Financial Sector in Sustainable Growth Working Group" was established in order to contribute to the studies to be carried out on the creation of a general approach regarding the protection of the environment in lending and other services of banks and on the subject of handling the issue as a social project. As a member of this study group, VakıfBank provides information and feedback including issues regarding climate change.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

0

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

Vakıfbank_Integrated Annual Report_2022.pdf

Page/Section reference

Governance: page 134
Strategy: page 130
Emissions figures: page 507

Content elements

Governance
Strategy
Emissions figures

Comment

N/A

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Science-Based Targets Initiative for Financial Institutions (SBTi-FI) UN Global Compact	In 2019 VakıfBank has committed to set emission reduction targets in line with the climate science to keep global warming at 1.5 degrees. As of 2022, VakıfBank has studied its climate transition and emission reduction targets and submitted it to SBTi for validation. In 2023, VakıfBank became the first bank that has validated its emission reduction targets by SBTi in Turkey.

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Lending to all carbon-related assets

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

301,685,998,056

New loans advanced in reporting year (unit currency – as specified in C0.4)

372,710,224,821

Percentage of portfolio value comprised of carbon-related assets in reporting year

31.63

Details of calculation

Calculation: total portfolio value of carbon related lendings in 2021 is 301 billion TRY. Total portfolio value in 2022 is 953 billion TRY. This makes 31.63% of total portfolio.

Lending to coal

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

11,589,111,308

New loans advanced in reporting year (unit currency – as specified in C0.4)

1,843,489,616

Percentage of portfolio value comprised of carbon-related assets in reporting year

1.22

Details of calculation

Calculation: total portfolio value of coal lendings in 2021 is 11.5 billion TRY. Total portfolio value in 2022 is 953 billion TRY. This makes 1.22% of total portfolio.

Lending to oil and gas

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

30,551,617,769

New loans advanced in reporting year (unit currency – as specified in C0.4)

4,465,389,741

Percentage of portfolio value comprised of carbon-related assets in reporting year

3.2

Details of calculation

Calculation: total portfolio value of oil and gas lendings in 2021 is 30.5 billion TRY. Total portfolio value in 2022 is 953 billion TRY. This makes 3.2% of total portfolio.

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric
Banking (Bank)	Yes	Portfolio emissions

C-FS14.1a

(C-FS14.1a) Provide details of your organization's portfolio emissions in the reporting year.

Banking (Bank)

Portfolio emissions (metric unit tons CO2e) in the reporting year

415,176,614

Portfolio coverage

4.19

Percentage calculated using data obtained from clients/investees

100

Emissions calculation methodology

Other, please specify

Internal Methodologies

Please explain the details and assumptions used in your calculation

The portfolio emissions have been calculated with average tCO2e emissions for per TRY in portfolio in each sector.These are the carbon intensive sectors namely, cement, aluminum, iron-steel, electricity and fertilizer. The outstanding portfolio values collected from Vakıfbank's internal systems.

C-FS14.1c

(C-FS14.1c) Disclose or restate your portfolio emissions for previous years.

Past year 1 for Banking (Bank)

Start date

January 1, 2021

End date

December 31, 2021

Portfolio emissions (metric unit tons CO2e) in the reporting year

392,727.27

Portfolio coverage

0.2

Percentage calculated using data obtained from clients/investees

100

Emissions calculation methodology

Other, please specify

Internal Methodologies

Please explain the details and assumptions used in your calculation

The portfolio emissions have been calculated with average tCO2e emissions for per TRY in portfolio in each sector.These are the carbon intensive sectors namely, cement, aluminum, iron-steel, electricity and fertilizer. The outstanding portfolio values collected from Vakıfbank's internal systems.
The activity data calculation used to calculate the total estimated lifetime emissions from the services provided by the organization: Vakıfbank allocated a total of 1,100,000,000 TL (B) loans for 5 projects (A) to the iron and steel industry in 2021. The loan disbursement amount in 2021 is 16.000.000 TL (C). Of the 5 projects, only 3 (D) are allocations for new investment purposes. (Only new investment projects are included in the calculation.) Total amount of new investment disbursement for 2021 (3 Facilities): 96.000.000 TL. ((C/A)* D) = (E)
Greenhouse Gas Emission Calculation:
It is stated that the annual emission amount of 1 facility in the iron and steel industry is between 500,000 tCO2e and 2,500,000 tCO2e within the scope of Category C specified in Article 17 of the Fourth Chapter of the Communiqué of the Ministry of Environment and Urbanization on the Monitoring and Reporting of Greenhouse Gas Emissions. In this context, 1.500.000 tCO2e (A) emission amount, which is the average of 1 facility, was used. 3 facilities (number of facilities to which new investment loans were made) loan disbursement rate: 8.73% (B)
Annual average emissions per Category C facility 1,500,000 (A) tCO2e
Category C 3 Facility annual average emissions 4.500.000 (A*3) = (C) tCO2e
Emission amount by loan utilization rate 2021 (3 FACILITIES) 392,727.27 (C* B) = (D) tCO2e

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's portfolio impact?

	Portfolio breakdown
Row 1	Yes, by industry Yes, by country/area/region

C-FS14.2b

(C-FS14.2b) Break down your organization's portfolio impact by industry.

Portfolio	Industry	Portolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Other, please specify Cement, Steel & Iron	Absolute portfolio emissions (tCO2e)	415,176,614

C-FS14.2c

(C-FS14.2c) Break down your organization's portfolio impact by country/area/region.

Portfolio	Country/area/region	Portfolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Turkey	Absolute portfolio emissions (tCO2e)	415,176,614

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world	Briefly explain the actions you have taken to align your portfolio with a 1.5-degree world
Banking (Bank)	Yes	VakıfBank will implement the following strategy and actions to achieve its targets: Increased engagement activities with clients, establishing lending policies to increase low-carbon financings and reduce financed emissions, integrating ESG and climate related criteria to its lending policies, providing its clients with low-carbon products and services. Additionally VakıfBank will continuously provide support and sources to its clients to report and reduce their GHG emissions. These actions will help VakıfBank to actualize its near term science based emission reduction targets by 2032.

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world
Banking (Bank)	Yes, for all

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	Sustainability Commitee, which our CEO is chairing a Board Member is a member, is responsible for ESG topics.	Risks and opportunities to our own operations Risks and opportunities to our bank lending activities The impact of our bank lending activities on biodiversity

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments
Row 1	Yes, we have made public commitments only	Commitment to not explore or develop in legally designated protected areas Commitment to respect legally designated protected areas Commitment to avoidance of negative impacts on threatened and protected species Commitment to no trade of CITES listed species

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment
Yes

Value chain stage(s) covered
Portfolio activity

Portfolio activity
Bank lending portfolio (Bank)

Tools and methods to assess impacts and/or dependencies on biodiversity
No biodiversity assessment tools/methods used

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment
Yes

Value chain stage(s) covered
Portfolio activity

Portfolio activity
Bank lending portfolio (Bank)

Tools and methods to assess impacts and/or dependencies on biodiversity
No biodiversity assessment tools/methods used

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?
No

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Land/water management Species management Law & policy

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	State and benefit indicators

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Impacts on biodiversity Risks and opportunities	[1]

[1]Vakıfbank_Integrated Annual Report_2022.pdf

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

N/A

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Independent Member on Board of Directors	Director on board

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

	Board-level oversight of this issue area
Forests	Yes
Water	Yes

FW-FS1.1a

(FW-FS1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for forests- and/or water-related issues.

Issue area(s)	Position of individual(s) or committee(s)	Responsibilities for forests- and/or water-related issues
Forests Water	Chief Executive Officer (CEO)	In accordance with the Working Procedures and Principles of VakıfBank Internal Committees, VakıfBank Sustainability Committee was established with the decision of the Board of Directors (BOD) dated 30.12.2021. VakıfBank General Manager (CEO) chairs this committee. CEO is also a member of the BOD. The CEO also chairs this committee as the highest level participant. The main outputs and processes of the work done in the committee are transferred to the board of directors. Chaired by the General Manager, this committee also has an independent Board Member elected by the Board of Directors. The Sustainability Committee determines the Bank's sustainability strategy and policy and ensures that necessary actions are taken in this regard. It is the bank's top decision-making body in terms of sustainability. In this context, the committee plays an active role in the processes of determining sustainability and climate change-related risks and opportunities at Vakıfbank, making evaluations, and determining Vakıfbank's climate change and sustainability targets. In 2022, VakıfBank realized a new secured funding transaction of EUR 400 million based on sustainability criteria, with a maturity of 2 years, obtained from abroad, as the largest sustainability-themed secured funding agreement among Turkish banks. With the decision of the Sustainability Committee and the approval of the CEO, the following KPIs have been determined and realized: Reduction of greenhouse gas emissions by at least 2% compared to

		the same period of the previous year, including scope 1, 2 and 3 (excluding portfolio emissions) until 2025. VakıfBank also determined as sustainability performance criteria of its secured funding transaction as new ESG-themed loan origination including the sub-categories of green mortgage, environment-friendly vehicle loans and loans to women and young entrepreneurs. In addition, minimizing the use of plastic in all bank locations through water purification systems that will be implemented in its branches and reducing total greenhouse gas emissions by 2% annually are other KPIs of the transaction.

FW-FS1.1b

(FW-FS1.1b) Provide further details on the board's oversight of forests- and/or water-related issues.

Issue area(s)

Forests

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - all meetings

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy
Reviewing and guiding annual budgets
Overseeing major capital expenditures
Overseeing and guiding employee incentives
Overseeing the setting of corporate targets
Monitoring progress towards corporate targets
Overseeing and guiding the development of a transition plan
Monitoring the implementation of a transition plan
Overseeing and guiding scenario analysis

Scope of board-level oversight

Risks and opportunities to our banking activities
The impact of our banking activities on forests and/or water security

Please explain

The Board of Directors has the highest level of responsibility for the Bank's overall performance. The Board of Directors directs and reviews the Bank's overall strategy. Accordingly, it reviews its action plans, transition plans, annual business plans and budgets accordingly. For this reason, the Board of Directors directs and reviews the strategy on sustainability and climate change, evaluates risks and opportunities. It also reviews risk and opportunity management policies. It sets performance targets and allocates relevant resources accordingly. As a result, it monitors performance and progress on climate change issues.
For example, our annual 2% emission reduction KPIs and SBTi-compliant emission

reduction targets are determined by the Board of Directors. Targets are announced through our website and reports.

With the decision of the Board of Directors, VakıfBank Sustainability Committee is established in 30.12.2021. The Sustainability Committee discuss the Bank's sustainability strategy and policy before the Board of Directors and ensures that necessary actions are taken in this regard. This committee is the bank's top decision-making body on sustainability and climate-related issues. The Committee is chaired by our CEO (General Manager), who is a member of BOD. There is also an independent Board Member elected by the Board of Directors. All climate change and sustainability-oriented corporate policies discussed in the committee are reported to the board of directors and approved.

Sustainability Committee convened twice in 2022, the Corporate Governance Committee convened 3 times. Sustainability issues discussed in these planned meetings are discussed at the level of the Board of Directors.
When necessary, the BOD evaluates and approves the following outputs of the sustainability committee;
-Determining sustainability goals,
- Following up sustainability studies and strengthening sustainability,
-Integration of the bank's talent performance and sustainability into all business units and processes,
-Deciding on important issues discussed in the Sustainability Subcommittee,
-Providing necessary organizational change proposals for the Bank's sustainability activities to be carried out effectively,
-Preparing the Bank's sustainability reports,
-Detection and management of risks and opportunities arising from climate change, especially carbon and water,
-Following national and international legislation on environmental and social risks that are important in the Bank's lending process,
- Making suggestions on cooperations that he can become a member and support in the field of sustainability.

Issue area(s)

Water

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - all meetings

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy
Reviewing and guiding annual budgets
Overseeing major capital expenditures
Overseeing and guiding employee incentives
Overseeing the setting of corporate targets

Monitoring progress towards corporate targets
Overseeing and guiding the development of a transition plan
Monitoring the implementation of a transition plan
Overseeing and guiding scenario analysis

Scope of board-level oversight

Risks and opportunities to our banking activities
The impact of our banking activities on forests and/or water security

Please explain

The Board of Directors has the highest level of responsibility for the Bank's overall performance. The Board of Directors directs and reviews the Bank's overall strategy. Accordingly, it reviews its action plans, transition plans, annual business plans and budgets accordingly. For this reason, the Board of Directors directs and reviews the strategy on sustainability and climate change, evaluates risks and opportunities. It also reviews risk and opportunity management policies. It sets performance targets and allocates relevant resources accordingly. As a result, it monitors performance and progress on climate change issues.
For example, our annual 2% emission reduction KPIs and SBTi-compliant emission reduction targets are determined by the Board of Directors. Targets are announced through our website and reports.

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-Deciding on important issues discussed in the Sustainability Subcommittee,
-Providing necessary organizational change proposals for the Bank's sustainability activities to be carried out effectively,
-Preparing the Bank's sustainability reports,
-Detection and management of risks and opportunities arising from climate change, especially carbon and water,

-Following national and international legislation on environmental and social risks that are important in the Bank's lending process,
- Making suggestions on cooperations that he can become a member and support in the field of sustainability.

FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

Our Sustainability Committee is chaired by our CEO (General Manager).
The CEO is VakıfBank's former R&D and Digital Transformation Department, as well as the Executive Vice President responsible for all IT. Due to their previous position, CEO was responsible for the execution of VakıfBank's sustainability activities in digital transformation. Accordingly, the CEO's climate change competence is due to their previous position.

Water

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

Our Sustainability Committee is chaired by our CEO (General Manager).
The CEO is VakıfBank's former R&D and Digital Transformation Department, as well as the Executive Vice President responsible for all IT. Due to their previous position, CEO was responsible for the execution of VakıfBank's sustainability activities in digital transformation. Accordingly, the CEO's climate change competence is due to their previous position.

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

Position or committee

Other C-Suite Officer, please specify

Executive Vice Presidents

Issue area(s)

Forests

Water

Forests- and/or water-related responsibilities of this position

Integrating forests- and/or water-related issues into the strategy
Assessing forests- and/or water-related risks and opportunities
Managing forests- and/or water-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking portfolio

Reporting line

Reports to the Board directly

Frequency of reporting to the board on forests- and/or water-related issues via this reporting line

More frequently than quarterly

Please explain

The “Sustainability Committee” was established to determine the Bank's sustainability strategy. To implement the decisions taken, and to ensure the necessary coordination within the Bank for these decisions the "Sustainability Subcommitte" was also established. Executive Vice Presidents of the Business Unit are members of the sustainability committee and they are the highest management with responsibility of climate related issues.
The following unit presidencies are members of the Sustainability Subcommittee and manage the following processes:
Head of International Banking and Investor Relations
Head of Corporate Communications
Head of Corporate Development, Performance Management and Academy
Head of Featured Loans Management
Head of Commercial Banking Marketing
Head of SME Banking Marketing
Head of Retail Banking Marketing
Head of Individual Banking Marketing
Head of General Accounting and Financial Operations
Head of Support Services
Head of Strategy and Planning
Head of Risk Management
Head of Human Resources

In the sub-committee, the sustainability practices of the Bank are maintained, efforts are made to achieve energy and emission reduction targets, and SBTi target setting processes are managed, climate related risks and opportunities are evaluated.

Climate change and water security issues raised to the Sustainability Committee and then to the Board of Directors; Unit heads in the Sustainability Subcommittee convey this information to the Executive Vice Presidents for discussion at the Sustainability

Committee. For this reason, VakıfBank Executive Vice Presidents are the highest position responsible that manages climate change at the management level.

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

	We assess our portfolio's exposure to this issue area
Banking – Forests exposure	Yes
Banking – Water exposure	Yes

FW-FS2.1a

(FW-FS2.1a) Describe how you assess your portfolio's exposure to forests- and/or water-related risks and opportunities.

Banking – Forests exposure

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative and quantitative

Time horizon(s) covered

Short-term
Medium-term
Long-term

Tools and methods used

Risk models
Scenario analysis

% of clients/investees (by number) exposed to substantive risk

0

% of clients/investees (by portfolio exposure) exposed to substantive risk

0

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Environmental and Social Risk Management System (ESMS); In the projects financed by the banks, beyond the requirements determined by the legal and Bank policies, it ensures that the environmental and social risks that arise from the general activities of the company and that may arise from the projects to be financed are determined. The

Environmental and Social Risk Management System is a management system that allows companies to be classified according to the risks they carry and to monitor these risks with the action plans to be prepared specific to the project and to eliminate these gaps. Banks may face risks that may cause significant environmental or social impacts in the projects they support through lending activities. Failure to evaluate these risks in a timely and appropriate manner and not to take action may cause adverse environmental and social impacts, as well as damage the Bank's reputation. As a result, it can lead to loss of investor support and customer loyalty. In our bank, ESMS establishment efforts have been started for project loans over 20 million USD. Accordingly, as of February 2022, VakıfBank's Environmental and Social Impacts Management Policy in Lending Processes and VakıfBank Unfunded Activities List in the annex of the mentioned policy document were approved by our Bank's Board of Directors and published on our website. After that, in May 2022, the Procedure for Managing Environmental and Social Impacts in VakıfBank Lending Processes and ESMS documentation was approved by the General Manager and got into force. Accordingly, if the activity to be financed is not included in the VakıfBank Unfinanced Activities List, it falls within the scope of project loans and the loan application amount is over 20 million USD; these loan applications will be evaluated through the Excel-based Environmental and Social Assessment Tool and the risk category of the company will be determined. This is the first risk assessment criterion looked at for all loan applications. For this reason, the portfolio ratio has been determined as 100%. It was decided to define the risk categories into four classes as A (High), B+ (Medium High), B- (Medium Low) and C (Low). While the above-mentioned analysis is being carried out, it is planned to evaluate the companies in terms of water risks with in this process as well. Accordingly, information is requested from companies within the scope of environmental and social impact assessment.

Many departments are responsible for determining Vakıfbank's risk of asset levels stemming from climate change. In the credit limit; The "Financial Evaluation and Ranking Unit" collects data about the applicant's industry and the applicant himself, and prepares the first evaluation report that includes CC risks and opportunities. Each department then handles and evaluates its own risks according to its loan type responsibilities. The following departments are evaluating loan applications that integrate climate change risks and opportunities:
-Project Evaluation 1
- SME Loans
- Project Evaluation 2
-Commercial Loans

Banking – Water exposure

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative and quantitative

Time horizon(s) covered

Short-term
Medium-term
Long-term

Tools and methods used

Risk models
Scenario analysis

% of clients/investees (by number) exposed to substantive risk

0

% of clients/investees (by portfolio exposure) exposed to substantive risk

0

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Environmental and Social Risk Management System (ESMS); In the projects financed by the banks, beyond the requirements determined by the legal and Bank policies, it ensures that the environmental and social risks that arise from the general activities of the company and that may arise from the projects to be financed are determined. The Environmental and Social Risk Management System is a management system that allows companies to be classified according to the risks they carry and to monitor these risks with the action plans to be prepared specific to the project and to eliminate these gaps. Banks may face risks that may cause significant environmental or social impacts in the projects they support through lending activities. Failure to evaluate these risks in a timely and appropriate manner and not to take action may cause adverse environmental and social impacts, as well as damage the Bank's reputation. As a result, it can lead to loss of investor support and customer loyalty. In our bank, ESMS establishment efforts have been started for project loans over 20 million USD. Accordingly, as of February 2022, VakıfBank's Environmental and Social Impacts Management Policy in Lending Processes and VakıfBank Unfunded Activities List in the annex of the mentioned policy document were approved by our Bank's Board of Directors and published on our website. After that, in May 2022, the Procedure for Managing Environmental and Social Impacts in VakıfBank Lending Processes and ESMS documentation was approved by the General Manager and got into force. Accordingly, if the activity to be financed is not included in the VakıfBank Unfinanced Activities List, it falls within the scope of project loans and the loan application amount is over 20 million USD; these loan applications will be evaluated through the Excel-based Environmental and Social Assessment Tool and the risk category of the company will be determined. This is the first risk assessment criterion looked at for all loan applications. For this reason, the portfolio ratio has been determined as 100%. It was decided to define the risk categories into four classes as A (High), B+ (Medium High), B- (Medium Low) and C (Low). While the above-mentioned analysis is being carried out, it is planned to evaluate the companies in terms of water risks with in this process as well. Accordingly, information is requested from companies within the scope of environmental and social impact assessment.

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-Project Evaluation 1
- SME Loans
- Project Evaluation 2
-Commercial Loans

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information
Banking – Forests-related information	Yes
Banking – Water-related information	Yes

FW-FS2.2a

(FW-FS2.2a) Indicate the forests- and/or water-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision making.

	Type of information considered	Process through which information is obtained	Industry sector(s) covered by due diligence and/or risk assessment process	State how these forests- and/or water-related information influences your decision making
Banking – Forests-related information	Other, please specify Complience with legislations	Directly from the client/investee	Energy Materials	If the companies in our portfolio do not comply with the laws to which they are subjected to, this may result in a bad reputation or indirectly effect their ability to repay the loans to VakıfBank. In order to control the legal risks to be encountered in the portfolio, in our risk assessment processes, we question whether the customers have been penalized

				for similar issues before. Therefore climate and environment related risks regarding legal issues are integrated in VakıfBank's risk assessment processes. Environmental and Social Risk Management System (ESMS); In the projects financed by the banks, beyond the requirements determined by the legal and Bank policies, it ensures that the environmental and social risks that arise from the general activities of the company and that may arise from the projects to be financed are determined. The Environmental and Social Risk Management System is a management system that allows companies to be classified according to the risks they carry and to monitor these risks with the action plans to be prepared specific to the project and to eliminate these gaps. Banks may face risks that may cause significant environmental or social impacts in the projects they support through lending activities. Failure to evaluate these risks in a timely and appropriate manner and not to take action may cause adverse environmental and social impacts, as well as damage the Bank's reputation. Accordingly, as of February 2022, VakıfBank's Environmental and Social Impacts Management Policy in Lending Processes and VakıfBank Unfunded Activities List in the annex of the mentioned policy document were approved by our Bank's Board of Directors and published on our website. Many departments are

				responsible for determining Vakıfbank's risk of asset levels stemming from climate change. In the credit limit; The "Financial Evaluation and Ranking Unit" collects data about the applicant's industry and the applicant himself, and prepares the first evaluation report that includes CC risks and opportunities. Each department then handles and evaluates its own risks according to its loan type responsibilities
Banking – Water-related information	Water withdrawal and/or consumption volumes Water discharge treatment data Breaches to local water regulations	Directly from the client/investee	Energy Materials	VakıfBank evaluates water risks by the technical team during the credit assessment process within the framework of the Environmental and Social Risk Management System, regardless of the type of credit, in water-intensive sectors. The potential pollutants and impacts of water-intensive sectors financed by the bank are listed below: Pollutants in Manufacturing, Mining, and Industrial Activities: Heavy metals, organic compounds, solvents, acids, and suspended solids. Impacts: Discharge of heavy metals and toxic chemicals can harm water ecosystems and contaminate groundwater. Organic compounds and solvents can cause water pollution and pose risks to human health. Pollutants in Energy Production: Thermal pollution, heavy metals, radioactive materials, and chemicals used in extraction processes. Impacts: Thermal pollution from power plants can increase water

				temperatures and affect aquatic ecosystems. Discharge of heavy metals and radioactive materials can pollute water sources and pose risks to human and environmental health. Chemicals used in extraction processes, such as crushing, can also contaminate water sources. Pollutants in Agriculture: Fertilizers, pesticides, herbicides, animal waste, and sediment. Impacts: Leakage of nutrients can lead to eutrophication, while pesticides and herbicides can contaminate water sources and impact aquatic life and human health. Additionally, animal waste can contribute to bacterial pollution and degrade water quality.

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
Forests	No	Risks exist, but none with the potential to have a substantive financial or strategic impact on business	Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. When conduction the risk analyses of companies, their assets, liabilities and EBITDA margins. Pursuant to the Board of Directors decision taken by our Bank in 2022, the activity to be financed should not be included in the VakıfBank Unfinanced Activities List, should be within the scope of project loans, and if the loan amount is 20 million USD and above in

			accordance with IFC standards, an environmental and social risk assessment for the customer and the project should be done. The Environmental and Social Risk Management System ensures that the environmental and social impacts of project loans of 20 million USD and above are analysed and these effects are followed up and reported with action plans. In the environmental and social risk assessment stage, ESMS (Environmental and Social Risk Management System) is applied to loan applications of 20 million USD and above. The non-financial risks such as environmental, social, governance and occupational health and safety of the loans that are the subject of project financing and the possible effects of these risks are evaluated through ESMS. Therefore Vakıfbank defines the substantive financial impact as loss of 20 million USD and above. In 2022, there are no forest related risks and opportunities that meets the substantive financial impact treshold.
Water	Yes		

FW-FS2.3a

(FW-FS2.3a) Provide details of forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk1

Portfolio where risk driver occurs

Banking (Bank) portfolio

Issue area risk relates to

Water

Risk type & Primary risk driver

Chronic physical

Changing precipitation patterns and types (rain, hail, snow/ice)

Primary potential financial impact

Other, please specify

Increase in repayment risk

Risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Climate change directly affects the quantity and type of resources used in energy production. For example, hydroelectric power plants rely on water resources for energy generation. Increased water stress, changes in rainfall patterns, and water scarcity due to climate change restrict the water pressure required for turbine rotation, posing significant risks to the efficiency and operation of hydroelectric power plants. According to Turkey's National Energy Plan, the key mitigation policy for climate change in the energy sector until 2030 is to maximize energy efficiency and utilize the potential of renewable energy to the highest extent. Changes in the distribution of renewable energy sources are expected in the energy sector, according to the Ministry's studies. It is anticipated that the share of hydroelectric power will decrease as it reaches its maximum installed capacity and production potential, while the share of solar energy and wind energy will increase. With the increasing share of solar and wind energy, a transformation towards clean and sustainable energy production is expected. As a public bank, Vakıfbank aims to assess the impact of climate-related risks on the repayment capacity of credit customers and/or the value of their assets and collateral, taking into account the country's nationally determined contributions and strategic action plans.

In 2021, the distribution of the bank's renewable energy portfolio consisted of hydroelectric power plants (HPP) with a share of 39%, wind power plants (WPP) with a share of 27%, and solar power plants (SPP) with a share of 22%. However, in 2022, this distribution changed, with the share of solar power plants increasing to 34%, the share of wind power plants remaining at 27%, and the share of hydroelectric power plants decreasing to 28%.

When we compare these changes in percentage terms, we observe that the share of solar power plants increased by 55%, the share of hydroelectric power plants decreased by 28%, and the share of wind power plants remained unchanged. This indicates that the bank has made greater investments in solar power plants and reduced its investments in hydroelectric power plants within its renewable energy portfolio. This shift can be attributed to the increasing popularity of solar power plants and the challenges faced by hydroelectric power plants due to climate change.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,491,134,642

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

As of the end of 2022, the total risk amount for hydroelectric power plants operating in areas with high water stress is 1,491,134,642 TRY. Due to changes in precipitation, the potential inability to fully pay this risk amount has been evaluated as a potential financial impact.

Cost of response to risk

11,431,466,135.74

Description of response and explanation of cost calculation

In 2021, the distribution of the bank's renewable energy portfolio consisted of hydroelectric power plants (HPP) with a share of 39%, wind power plants (WPP) with a share of 27%, and solar power plants (SPP) with a share of 22%. However, in 2022, this distribution changed, with the share of solar power plants increasing to 34%, the share of wind power plants remaining at 27%, and the share of hydroelectric power plants decreasing to 28%. As of the end of 2022, our bank has provided a total financing of 11,328,063,969.37 TRY to 91 SPP (solar power plant) projects and 17 WPP (wind power plant) projects in the portfolio. The expected net interest income from these projects is 103,402,166.440 TRY.
Total Cost of Response: 11,328,063,969.3 + 103,402,166.440 = 11,431,466,135.74 TRY.

Comment

N/A

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	No	Opportunities exist, but none with the potential to have a substantive financial or strategic impact on business	Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. When conduction the

			risk analyses of companies, their assets, liabilities and EBITDA margins. Pursuant to the Board of Directors decision taken by our Bank in 2022, the activity to be financed should not be included in the VakıfBank Unfinanced Activities List, should be within the scope of project loans, and if the loan amount is 20 million USD and above in accordance with IFC standards, an environmental and social risk assessment for the customer and the project should be done. The Environmental and Social Risk Management System ensures that the environmental and social impacts of project loans of 20 million USD and above are analysed and these effects are followed up and reported with action plans. In the environmental and social risk assessment stage, ESMS (Environmental and Social Risk Management System) is applied to loan applications of 20 million USD and above. The non-financial risks such as environmental, social, governance and occupational health and safety of the loans that are the subject of project financing and the possible effects of these risks are evaluated through ESMS. Therefore Vakıfbank defines the substantive financial impact as loss of 20 million USD and above. In 2022, there are no forest related risks and opportunities that meets the substantive financial impact treshold.
Water	No		The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. When conduction the risk analyses of companies, their assets, liabilities and EBITDA margins. Pursuant to the Board of Directors decision taken by our Bank in 2022, the activity to be financed should not be included in the VakıfBank Unfinanced Activities List, should be within the scope of project loans, and if the loan amount is 20 million USD and above in accordance with IFC standards, an environmental and social risk assessment for the customer and the project should be done. The Environmental and Social Risk Management System ensures that the environmental and social impacts of project

			loans of 20 million USD and above are analysed and these effects are followed up and reported with action plans. In the environmental and social risk assessment stage, ESMS (Environmental and Social Risk Management System) is applied to loan applications of 20 million USD and above. The non-financial risks such as environmental, social, governance and occupational health and safety of the loans that are the subject of project financing and the possible effects of these risks are evaluated through ESMS. Therefore Vakıfbank defines the substantive financial impact as loss of 20 million USD and above. In 2022, there are no water related risks that meets the substantive financial impact treshold.

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

As per our credit policy, environmentally friendly projects have priority in financing.
We also provide financial incentives to individuals, SMEs and project owners to support their sustainability projects through loan programs from international banks. We provide financial support to sustainable energy investments & projects by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2022, we provided a total of 3.6 billion TL loans for 80 renewable energy investments. As of 2022, VakıfBank provided financing support to renewable energy projects amounting to TL 18.6 billion in total. As of 2022, renewable energy loans share in total Energy loans is 57%.
In 2020, within the scope of the Green Mortgage project with the French Development Agency (AFD), we provided the largest loan amount of 200 million Euros in the Turkish banking sector. As the first bank in the sector to provide such a high level of environmental resources, we made use of the entire 100 million Euros, the first tranche we have withdrawn in this context, in 2022. In 2023, we aim to obtain the 2nd tranche of the Green Housing Project, the financing of EUR 100 million, from AFD and to continue

our disbursements at the same pace. Every loan application to be financed within the scope of the Emergency Firm Support Project that we signed with the World Bank in 2020 must be subject to the Environmental and Social Risk Management System. In this context, we designed an Environmental and Social Risk Assessment Tool specific to the project and continued to provide loans within the scope of the Emergency Firm Support Package that we signed with the World Bank.

In addition, in 2022, we offered loans to individual customers with advantageous interest rates for financing hybrid and electric vehicles with environmentally friendly vehicle loans. As the bank with the most sustainable-themed funding in its funding structure, VakıfBank renewed its sustainable-themed syndicated loan, amounting to a total of USD 1 billion, over 100% in May 2022.

In this way, we focus on creating a positive indirect impact with the projects we finance, and give priority to environmentally friendly projects, energy efficiency and renewable energy projects in financing.

Financial planning elements that have been influenced

Revenues
Indirect costs
Access to capital
Assets

Description of influence on financial planning

We are aware that the financing of sustainable development plays an important role in the fight against climate change. In this context, we provide financial support to sustainable energy investments and projects by giving priority to renewable energy initiatives under the title of Sustainable Energy Finance. In 2022, we provided financing support of over 3.6 billion TL to 80 renewable energy projects with a total installed power of 1,365 MW.

In the upcoming period, we will continue to provide financial support to renewable energy and resource efficiency projects.
With the importance it attaches to its climate-related activities, Vakıfbank gained access to international funds. With the contribution of Vakıfbank's commitment to climate change, the funds provided increased its assets. Vakıfbank earns high income from the funds it provides from its international banking activities. It continues to cooperate with the World Bank (WB), European Bank for Reconstruction and Development (EBRD) and French Development Agency (AFD) in order to support the real sector with long-term and cost-effective resources.

By the end of 2022, we increased the number of our customers making foreign trade transactions by 45% compared to the previous year. With our increasing number of customers and number of transactions, we increased our total foreign trade volume by 72% in 2022 compared to the previous year.

Despite the monetary tightening and interest rate hike steps taken one after another in

the global markets in 2022, we secured a total of US$ 3.3 billion in new resources from international markets. At the same time, we aim to offer our customers innovative products at the most favorable terms and to offer alternative financing opportunities in the field of foreign trade for many years, with our high technology, quality service, extensive correspondent bank network and know-how. We renewed our sustainability-themed syndication loan over 100% in May 2022 and signed an agreement worth 1 billion USD in total. In November 2022, we obtained a syndicated loan of USD 560.3 million with the highest renewal rate among commercial banks. Thus, in 2022, we became the bank that renewed its syndicated loans at the best rate with 97%.

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

As per our credit policy, environmentally friendly projects have priority in financing.
We also provide financial incentives to individuals, SMEs and project owners to support their sustainability projects through loan programs from international banks. We provide financial support to sustainable energy investments & projects by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2022, we provided a total of 3.6 billion TL loans for 80 renewable energy investments. As of 2022, VakıfBank provided financing support to renewable energy projects amounting to TL 18.6 billion in total. As of 2022, renewable energy loans share in total Energy loans is 57%.
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In this way, we focus on creating a positive indirect impact with the projects we finance, and give priority to environmentally friendly projects, energy efficiency and renewable energy projects in financing.

Financial planning elements that have been influenced

Revenues
Indirect costs
Access to capital
Assets

Description of influence on financial planning

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FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

Yes, we have conducted scenario analysis and we have identified outcomes for this issue area

Type of scenario analysis used

Climate-related

Parameters, assumptions, analytical choices

Vakıfbank has been focusing on Environmental Management and green finance activities for many years. As a public bank actively making efforts to promote green finance in Turkey, Vakıfbank analyzes scenarios regarding the green economy market in Turkey and around the world.
Within the scope of climate change, NGFS (Network for Greening the Financial System) scenarios are also used in Vakıfbank's strategy and risk analysis studies. NGFs climate scenarios consider climate transition scenarios around the world, the physical consequences of climate change, and economic metrics. In addition, in this scenario, there are both the changes in the sectors against climate change and the relations of the sectors with each other.
In this way, the use of NGFS scenarios is very important in Vakıfbank's decarbonization strategy in its portfolio.

These scenarios are based on and compare the following parameters on climate transition risks:
carbon prices, fossil fuel costs, energy consumption expectations of real estates, investment amounts to be made in low-carbon electricity generation.

Regarding the physical climate effects, the following parameters are followed:
global temperature changes, changes in working power due to this change and floods.

In financial metrics, GDP changes and inflation rates are tracked. With these outputs, the foundations of VakıfBank's 2030 and 2050 strategy were laid and action plans were prepared in order to realize its scientific-based goals.

The net-zero 2050 climate transition scenario gives the most similar results to the NGFS scenarios. Accordingly, with the SBTi studies we carried out in 2022, we determined our emission reduction targets of 1.5 degrees for our scope 1-2 emissions and in 2023 VakıfBank's targets has been validated by SBTi.

Description of outcomes for this issue area

As a result of the NGFS scenarios study, it was seen which sectors in the portfolio could be affected by climate change in the long term. If there is no reduction in emissions in the energy, fossil fuel and real estate sectors, which are the priority, the financial effects of the sectors and their effects on VakıfBank in 2022 were studied. Science-based targets for reducing emissions in the portfolio over the long term were set in 2022. Plannings are continuing to reach the targets.
In addition, we became the first bank to apply the sustainability approach to expected credit loss provisions policies under TFRS 9. Within the scope of the "fit-for-55" published by the European Union commission in 2021, the Carbon Border Adjustment Mechanism imposes an emission reporting obligation from 2023 and a carbon payment obligation from 2026 for five carbon-intensive sectors. In this context, VakıfBank calculates the expected credit loss provisions for customers operating in the cement, electricity, fertilizer, iron-steel and aluminium sectors, taking into account the risks of transition of the said carbon tax to the producers who export to EU countries and cannot switch to low-carbon production methods and technologies. In addition, we reduced the expected credit losses allocated for customers within the scope of YEKDEM (Renewable Energy Resources Support Mechanism), which was established to support renewable energy production, within the framework of TFRS9 legislation.

Explain how the outcomes identified using scenario analysis have influenced your strategy

In this way, we have ensured the positive separation of these customers in all our processes, taking into account the positive impact of our customers who support renewable energy production on the environment.
By expanding our "Environmental and Social Impact Assessment Policy" and our Exclusion List, we aim to increase the scope of information and documents to be received from portfolio clients, and to provide more input to portfolio risk assessment processes.

Water

Scenario analysis conducted to identify outcomes for this issue area

Yes, we have conducted scenario analysis and we have identified outcomes for this issue area

Type of scenario analysis used

Climate-related

Parameters, assumptions, analytical choices

Vakıfbank has been focusing on Environmental Management and green finance activities for many years. As a public bank actively making efforts to promote green finance in Turkey, Vakıfbank analyzes scenarios regarding the green economy market in Turkey and around the world.
Within the scope of climate change, NGFS (Network for Greening the Financial System) scenarios are also used in Vakıfbank's strategy and risk analysis studies. NGFs climate scenarios consider climate transition scenarios around the world, the physical

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By expanding our "Environmental and Social Impact Assessment Policy" and our Exclusion List, we aim to increase the scope of information and documents to be received from portfolio clients, and to provide more input to portfolio risk assessment processes.

FW-FS3.3

(FW-FS3.3) Has your organization set targets for deforestation free and/or water secure lending, investing and/or insuring?

	Targets set	Explain why your organization has not set targets for deforestation free and/or water secure lending, investing and/or insuring and any plans to address this in the future
Forests	No, but we plan to set targets within the next two years	Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. Vakıfbank defines the substantive financial impact as loss of 20 million USD and above. In 2022, there are no forest related risks that meets the substantive financial impact treshold. As the improvements continue in both risk management and forest related strategy, VakıfBank will establish forest related targets in the future.
Water Security	No, but we plan to set targets within the next two years	The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. As the improvements continue in both risk management and water related strategy, VakıfBank will establish water related targets in the future.

FW-FS3.4

(FW-FS3.4) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity
Forests	Yes
Water	Yes

FW-FS3.4a

(FW-FS3.4a) Provide details of your existing products and services that enable clients to mitigate deforestation and/or water insecurity.

Product type

Corporate loans

Taxonomy or methodology used to classify product(s)

Green Bond Principles (ICMA)

Product enables clients to mitigate

Deforestation
Water insecurity

Description of product(s)

When the transition to a low carbon economy shaped the sustainable development agenda, the Bank has been playing an active role in this transition by effectively managing environmental risks not only for its direct operations but also for its indirect impacts emerging through its financing activities. In this respect, VakıfBank's strategy to combat climate change is based on three pillars. One of them is Sustainable Energy Finance: This provides financing support for sustainable energy projects by giving priority to renewable energy investments.

In order to finance projects that will deliver environmental, social and/or environmental benefits to support VakıfBank's business strategy and vision, VakıfBank has elected to create a Sustainable Finance Framework.
The Sustainable Finance Framework articulates how VakıfBank intends to raise Sustainable Financing Instruments to finance and/or refinance new and existing loans to its clientele and internal projects with environmental and/or social benefits.
"Sustainable Financing Instruments" includes Green, Social and Sustainability Bonds and Loans and other debt or financing instruments that fund Eligible Green and Social Projects that conform to the sustainable finance principles listed below:
• International Capital Market Association ("ICMA") Green Bond Principles ("GBP") 2018;
• International Capital Market Association ("ICMA") Social Bond Principles ("SBP") 2018;
• International Capital Market Association ("ICMA") Sustainability Bond Guidelines ("SBG")2018; and/or
• Loan Market Association ("LMA") Green Loan Principles 2018

Additionally, VakıfbBank has different Sustainability linked products such as Green&Social assets, syndication, eurobonds, repo transactions.

The portfolio value of these Sustainability linked products are 100 Billion TRY as of 2022. The total portfolio value is 933.5 Billion TRY. Therefore, sustainability linked products make 10.8% of total portfolio in 2022.

Type of activity financed, invested in or insured

Sustainable agriculture
Water supply and sewer networks infrastructure
Water treatment infrastructure
Wastewater treatment infrastructure

WASH services

Portfolio value (unit currency – as specified in C0.4)

100,699,870,783

% of total portfolio value

10.8

FW-FS3.5

(FW-FS3.5) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area	Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future
Forests	No, but we plan to include this issue area within the next two years	Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. As the improvements continue in both risk management and forest related strategy, VakıfBank will establish forest related requirements in the future.
Water	No, but we plan to include this issue area within the next two years	The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. As the improvements continue in both risk management and water related strategy, VakıfBank will establish water related requirements in the future.

FW-FS3.6

(FW-FS3.6) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

	Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain why your organization does not include covenants for this issue area in financing agreements and any plans to address this in the future
Forests	No, but we plan within the next two years	Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. As the improvements continue in both risk management and forest related strategy, VakıfBank will establish forest related covenants in the future.
Water	No, but we plan within the next two years	The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. As the

		improvements continue in both risk management and water related strategy, VakıfBank will establish water related covenants in the future.

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area
Clients – Forests	Yes
Clients – Water	Yes

FW-FS4.1a

(FW-FS4.1a) Give details of your forests- and/or water-related engagement strategy with your clients.

Type of clients

Clients of Banks

Issue area this engagement relates to

Forests

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce forests-related impacts

Portfolio coverage of engagement

99.1

Rationale for the coverage of your engagement

Engagement targeted at clients with increased forest-related risks

Impact of engagement, including measures of success

With the establishment of the environmental social management system (ESMS) in 2022, the effects of customers' climate change risks began to take place in the lending processes. In the coming years, with the increase in the number of customers subject to the ESMS, there will be an increase in the number of customers reporting their greenhouse gas emissions. Because customers subject to ESMS make a commitment to report their GHG emissions to VakıfBank until the end of the financed project. Thus, scope 1-2 emission information will be obtained from each customer whose risk assessment is made through the ESMS. The increase in the number of customers reporting their GHG emissions is a metric that VakıfBank monitors for its interaction with customers.

In order to support this engagement and increase the number of customers GHG reporting metric, VakıfBank will continue to provide information to its customers regarding the decarbonization of carbon-intensive sectors within the ESMS processes. The measure of success is the percentage of clients reporting their GHG emissions through ESMS in total. In 2022, the ESMS was established. In the following years it is expected that the clients subjected to ESMS will increase. Therefore it is expected that the number of clients reporting their emissions will be 100% in total clients subjected to ESMS.

Type of clients

Clients of Banks

Issue area this engagement relates to

Water

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce water-related impacts

Portfolio coverage of engagement

99.1

Rationale for the coverage of your engagement

Engagement targeted at clients with increased water-related risks

Impact of engagement, including measures of success

Vakıfbank aims to consider the environmental and social impacts of the loans it finances and manage the environmental and social risks in its lending processes through its Environmental and Social Management System (ESMS) established within the Bank. Water management is of vital importance as an input to production processes and/or operational environments, including their wastewater, in certain sectors. In our Credit Activities, we have developed an Environmental and Social Evaluation Policy, primarily taking these factors into account. The policy includes an exclusion list that identifies sectors not eligible for financing or environmentally sensitive areas in proximity to operations that will not be financed (such as wetlands protected under the Ramsar Convention). With this policy, projects to be financed are classified based on their environmental and social impacts, including water management issues.

Under the Policy for Managing Environmental and Social Impacts in Credit Processes, particularly for project loans with intensive water usage, companies are requested to comply with IFC performance standards by monitoring water consumption (in monthly cubic meters or tons), preparing a Water Management Plan, and sharing relevant data and procedural documents with the Bank. These requirements are added as provisions to the action plan within the prepared environmental and social risk assessment and are expected to be reported annually.

The beneficial outcomes of the participation activity related to water are as follows: Environmental and social risk assessments serve as important tools for identifying and mitigating water pollution risks in projects with high water usage. The conservation of water resources and prevention of water pollution are facilitated through the monitoring of water consumption and usage, contributing to the effective preservation and sustainability of water resources. This interaction encourages water sensitivity and the adoption of sustainable water management practices among both bank customers and stakeholders of financed projects.

Success Criterion: The success of the interaction is demonstrated by customers regularly conducting annual reporting and showing improvements in water management compared to the previous year.

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain	Agricultural commodity
Row 1	Yes	Timber products Soy Rubber Cattle products

FW-FS4.3a

(FW-FS4.3a) Describe how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity.

Timber products

Financial service provided

Banking

Smallholder financing/insurance approach

Other, please specify

credit lending

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

554

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes.
VakıfBank provides lendings to companies whose supply chain include the following forest risk commodities: timber products, palm oil products, cattle products, soy derivatives, rubber derivatives, cacao and coffee. The total portfolio value of these forest risk commodities make 0.35% of total portfolio value. The lendings to smallhodlers in the same forest risk commodity supply chains make 0.16% of the total portfolio.

Soy

Financial service provided

Smallholder financing/insurance approach

Other, please specify

credit lending

Other smallholder engagement approaches

Prioritizing support for smallholders in high-risk deforestation regions
Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

718

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes.
VakıfBank provides lendings to companies whose supply chain include the following forest risk commodities: timber products, palm oil products, cattle products, soy derivatives, rubber derivatives, cacao and coffee. The total portfolio value of these forest risk commodities make 0.35% of total portfolio value. The lendings to smallhodlers in the same forest risk commodity supply chains make 0.16% of the total portfolio.

Rubber

Financial service provided

Banking

Smallholder financing/insurance approach

Other, please specify

credit lending

Other smallholder engagement approaches

Supporting smallholders to clarify and secure land tenure rights

Number of smallholders supported

18

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes.
VakıfBank provides lendings to companies whose supply chain include the following forest risk commodities: timber products, palm oil products, cattle products, soy derivatives, rubber derivatives, cacao and coffee. The total portfolio value of these forest risk commodities make 0.35% of total portfolio value. The lendings to smallhodlers in the same forest risk commodity supply chains make 0.16% of the total portfolio.

Cattle products

Financial service provided

Banking

Smallholder financing/insurance approach

Other, please specify

credit lending

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

7,439

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes.
VakıfBank provides lendings to companies whose supply chain include the following forest risk commodities: timber products, palm oil products, cattle products, soy derivatives, rubber derivatives, cacao and coffee. The total portfolio value of these forest risk commodities make 0.35% of total portfolio value. The lendings to smallhodlers in the same forest risk commodity supply chains make 0.16% of the total portfolio.

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	No, we have assessed our activities, and none could either directly or indirectly influence policy, law, or regulation that may impact this issue area	Important but not an immediate priority	Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. VakıfBank will improve its policy engagement in the future in line with Turkey's forest risk related strategy.
Water	No, we have assessed our activities, and none could either directly or indirectly influence policy, law, or regulation that may impact this issue area	Important but not an immediate priority	The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. As the improvements continue in both risk management and water related strategy, VakıfBank will improve its policy engagement in the future in line with Turkey's water related strategy.

FW-FS5.1

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future

Banking – Impact on Forests	No, but we plan to in the next two years	Important but not an immediate priority	Since Turkey is not a forest commodity risk country, the forest risks are very minimal. The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. VakıfBank will improve its impact measurement for forest related issues in the future.
Banking – Impact on Water	No, but we plan to in the next two years	Important but not an immediate priority	The climate related risk and opportunities are assessed and integrated into VakıfBank's risk management processes. As the improvements continue in both risk management and water related strategy, VakıfBank will improve its impact measurement for forest related issues in the future.

FW-FS5.2

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported
Lending to companies operating in the timber products supply chain	Yes	Yes
Lending to companies operating in the palm oil products supply chain	No	
Lending to companies operating in the cattle products supply chain	Yes	Yes
Lending to companies operating in the soy supply chain	Yes	Yes
Lending to companies operating in the rubber supply chain	Yes	Yes
Lending to companies operating in the cocoa supply chain	No	

Lending to companies operating in the coffee supply chain	No	

FW-FS5.2a

(FW-FS5.2a) For each portfolio activity, state the value of your financing and/or insurance of companies operating in forests risk commodity supply chains in the reporting year.

Lending to companies operating in the timber products supply chain

Forest risk commodity supply chain stage coverage

Production
Processing
Trading
Manufacturing
Retailing

Portfolio exposure (unit currency – as specified in C0.4)

836,327,088.221

New loans advanced in reporting year (unit currency – as specified in C0.4)

0

Percentage portfolio value

0.09

Lending to companies operating in the cattle products supply chain

Forest risk commodity supply chain stage coverage

Production
Processing
Trading
Manufacturing
Retailing

Portfolio exposure (unit currency – as specified in C0.4)

1,413,083,763.016

New loans advanced in reporting year (unit currency – as specified in C0.4)

0

Percentage portfolio value

0.15

Lending to companies operating in the soy supply chain

Forest risk commodity supply chain stage coverage

Manufacturing
Retailing

Portfolio exposure (unit currency – as specified in C0.4)
839,245,872.057

New loans advanced in reporting year (unit currency – as specified in C0.4)
0

Percentage portfolio value
0.09

Lending to companies operating in the rubber supply chain

Forest risk commodity supply chain stage coverage
Manufacturing
Retailing

Portfolio exposure (unit currency – as specified in C0.4)
41,378,775.67

New loans advanced in reporting year (unit currency – as specified in C0.4)
0

Percentage portfolio value
0.004

FW-FS6.1

(FW-FS6.1) Have you published information about your organization's response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Focus of the Publication
Forests

Publication
No publications

Status

Attach the document

Page/Section reference

Content elements

Comment

N/A

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