

Welcome to your CDP Climate Change Questionnaire 2020

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 940 branches spread 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. Also, Vakıfbank operates in Austria with a subsidiary, Vakıfbank International AG, which has branches in Vienna and Cologne. Vakıfbank's other subsidiaries are Gunes Sigorta Inc, Vakıf Pension and Life Inc., Vakıf Factoring Inc., Vakıf Leasing, Vakıf Real Estate Investment Trust , Vakıf B-Type Securities Investment Trust. Inc., Vakıf Securities Investment Trust Inc. Vakıf Marketing Ind. and Trade Co., Taksim Hotels Inc., Vakıf Energy and Mining Inc. and Vakıf Real Estate Appraisal Inc. 25% of Vakıfbank's share is available in stock exchange market. Borsa İstanbul (BIST) has signed a cooperation agreement with Ethical Investment Research Services Limited (EIRIS) to develop and conduct BIST Sustainability Index. In accordance with this agreement, EIRIS assesses 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. In 2019, there were only 9 banks that satisfy the criteria of the Sustainability Index, and Vakıfbank has been one of them. 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 2013.

In 2017, Vakıfbank 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**. As of 2019, Vakıfbank has increased the number of its certified locations to 523 including its Head Office building. In 2020, Vakıfbank aims to have all its employees work in ISO 14001 certified buildings. Since 2017, Vakıfbank has been listed on the FTSE4Good Emerging Markets Index In 2019, to further strengthen its sustainable banking identity on global platforms, Vakıfbank has voluntarily participated in the Dow Jones Sustainability Index survey together with 175 companies who reported out of 248 companies invited. Vakıfbank published its 2019 performance with an Integrated Annual Report as one of the pioneering institutions in this term.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2019	December 31, 2019	No

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

- Bahrain
- Iraq
- 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 organizational activities does your organization undertake?

Bank lending (Bank)

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(s)	Please explain
Director on board	Independent Member of the Board is heading the Corporate Governance Committee, and this committee is in charge of conducting Sustainability including Climate related issues.
Director on board	A member of the Board is also a member of Corporate Governance Committee, and this committee is in charge of conducting Sustainability including Climate related issues.

Other, please specify SVP of International Banking and Investor Relations	Senior Vice President of International Banking and Investor Relations Department is a member of Corporate Governance Committee, and this committee is in charge of conducting Sustainability including Climate related issues. This position owner is also the leader of Sustainability Services and Head of Sustainability Working Group.
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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	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives 	<ul style="list-style-type: none"> Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our bank lending activities The impact of our own operations on the climate The impact of our bank lending activities on the climate 	<p>Board of Directors has the top-level responsibility about the overall performance of the Bank. To achieve this goal; Board of Directors steers and reviews the overall strategy of the Bank. In line with this, it reviews the major plan of actions, annual business plans and budgets according to this. Therefore, BoD guides and review the strategy on sustainability and climate change. It evaluates the risks and uprising opportunities. Besides, it reviews and asks for updates on the risk and opportunity management policies, if necessary. It sets the performance objectives and allocates the relevant sources according to them. Consequently, monitors the performance and the progress on climate change topics.</p> <p>As an example, our decision to make all of our employees to work in ISO 14001 Environmental Management System certified buildings is made by our BoD.</p> <p>In addition, our %2 emission reduction annual target is decided by our BoD. Our target is publicized via our website and our reports Please see https://www.vakifbank.com.tr/environmental-management-.aspx?pageID=2740.</p>

	Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues		
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C1.2

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

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other committee, please specify Corporate Governance Committee	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our own operations	Quarterly
Other, please specify Sustainability Working Group	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our own operations	More frequently than quarterly
Chief Executive Officer (CEO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our own operations	More frequently than quarterly
Other C-Suite Officer, please specify Support Services President	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Corporate Governance Committee (CGC) coordinates all efforts of sustainability of our Bank, which includes determining our overall sustainability strategy, management and supervision of sustainability projects developed and implemented by 'Sustainability Working Group'. The CGC is composed of 3 persons, of which 2 are members of BoD and 1 is Senior Vice President (SVP) of "International Banking & Investor Relations Department". The Committee meets generally every 3 months or at least twice a year, but not to exceed 6 months between two meetings.

The 'Sustainability Working Group' (SWG) is the main group executing the decisions of the CGC, in cooperation with the relevant departments. SWG meets more frequently than CGC and is in frequent touch among each other. The Representatives of SWG is as follows:

- SVP of International Banking & Investor Relations Department.
- SVP of Support Services
- SVP of Corporate Communication D.
- Manager (Mng.) of Investor Relations D. (Secretariat)
- Mng of Corporate Development D.
- Mng of Credit Risk & Operational Risk Management D.
- Mng of Recruitment & Employee Operations D.
- Mng of Employee Relations & Discipline D.
- Mng of Specialized Loans Project Development & Analysis D.
- Mng of Investment Loans Project Development & Analysis D.
- Mng of Corporate Training D.
- Mng of SME Banking Products Development & Management D.
- Mng of Construction Affairs D.
- Mng of Strategy Development & Planning D.
- Mng of Internal Communication D.
- Mng of Public Relations & Media D.

Under the SWG, two Management Services has been established, which are responsible from different particular aspects of sustainability management:

"Environmental Management Service - EMS" and "Sustainability Service". The EMS is composed of 8 employees who guide and monitor the Environmental Representatives (ERs) in each 940 branches together with Logistics Management D. serving under Support Services Dep. of Vakıfbank. Each branch has at least 1 ER and as a result a total number of 2,050 ERs all around Turkey help to monitor efficient use of resources. As of the end of 2019, we have certified our 861 employees via

trainings within the scope of ISO 9001 Quality Management System and ISO 14001 Environmental Management System, thus having at least one certified employee in our 545 branches. Throughout 2020, we will continue to organize e-learning trainings in order to raise awareness in ISO 9001 QMS and ISO 14001 EMS.

The EMS is directly responsible of developing environmental strategies, policies, and projects, as well as developing, updating environmental targets and indicators and implementing projects. Climate Change related efforts are under the direct responsibility of the EMS. The Service;

- monitors and reports GHG inventory of Vakıfbank office and branches in Turkey, and prepares corporate GHG management and action plans,
- develops guidelines for the ERs,
- develops and coordinates the implementation of projects for reducing the environmental and carbon footprint of Vakıfbank,
- develops projects for low carbon office behaviour, raises awareness among the employees regarding climate change,
- identifies and shares Vakıfbank's corporate risks, opp.s and targets due to climate change within the framework of CDP,
- integrates Vakıfbank to international environmental standards such as ISO 14001 EMS, etc.,
- represents Vakıfbank in national and international events and meetings for climate change related issues.

The EMS has the authority to assess and audit the branch offices for environmental indicators including GHG emissions and natural source use. Even though Vakıfbank is a bank with almost a thousand premises, in addition to fuel, fire extinguisher, AC fugitive gases and electricity use; paper, tap and drinking water use and use of courier services, employee commuting, production of wastes are gathered from all branches and included in GHG emissions inventory. EMS measures each branch's performance and acts in coordination with ERs to maximize the branch's environmental performance. EMS also works in high accordance with Construction Affairs Mng. to increase the energy and emission efficiency of the buildings. In case, a branch has an insufficient environmental performance, EMS can send it an official notification. In case, a branch persistent on insufficient environmental performance, EMS could report the branch to the SWG. EMS also cooperates for Integrated Reporting, especially on environmental impacts.

SWG and EMS also prepare and amend the risk & opportunity categories that may occur due to climate change, and shares this information directly with Credit D.s, Project Development & Analysis D.s in order to integrate them into the risk and opp analysis procedures. So that all departments could use this intelligence in their assessments.

Our BoD and CEO is the main responsible authorities on all practices applied and the performance driven the Bank, so as on climate-related issues.

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	Type of incentive	Activity incentivized	Comment
Board/Executive board	Non-monetary reward	Emissions reduction target Energy reduction target Efficiency target Company performance against a climate-related sustainability index Portfolio/fund alignment to climate-related objectives Other (please specify) Reputation	Board of Directors has the top level responsibility about the overall performance of the Bank. Therefore, any achievement or reward will bring Vakıfbank reputation and recognition and the Board will be the recognized.
Corporate executive team	Non-monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target Behavior change related indicator Environmental criteria included in purchases Supply chain engagement	'Corporate Governance Committee' coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented. Therefore, the top committee responsible for any positive or negative performance on these topics is CGC. It also leads the organisational behavioral change about climate change management.

		Company performance against a climate-related sustainability index Portfolio/fund alignment to climate-related objectives	
Other, please specify Branch Environmental Representative	Non-monetary reward	Emissions reduction target Energy reduction target Efficiency target	The Board sets a target about emission reduction and efficient use of resources. Thus, every branch should be effectively managing their emissions. If the branch achieves its target, Best performing Environmental Representatives are appreciated by an Appreciation Letter sent by Environmental Management Service in an e-mail form, which is also sent to all branches. To better monitor the performance of ERs; integration of electronic invoice to VakıfBank Innovative Transformation (VIT) was completed in 2019. Thus, the data could be transferred to the system and reported systematically. Besides, the branch performance of efficient use of resources will be included to the internal controlling check list.
Other, please specify Branch employees	Monetary reward	Energy reduction target Behavior change related indicator	Vakıfbank has a wide-spread branch network all around Turkey and it has almost 1.000 branches. A headcount of 11.190 of 16.835 employees of VakıfBank is working in branches. Bonuses of branch employees are inversely correlated with expenses of the branch, including energy expenses such as electricity and natural gas or coal or fuel-oil or diesel oil expenses. Consequently, the less consumption of natural resources, the more bonus they receive.

C-FS1.4

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

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	No	No, there is no such an option for public workers in Turkey.

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	<p>We define short-term as up to 2 years. In short-term; our efforts on management of Climate Change (CC) will be focusing mainly on issuing a Green Bond &/or Sustainable Bond, getting our ESG Rating, publishing an Integrated Annual Report, preparing our Science Based Targets (SBT), fully offsetting our Carbon Footprint including Scope 3 emissions, disseminating waste management & ISO 14001 EMS certificates beneath our branches, obtaining funds on low carbon economy & finance, delivering our low carbon products, raising awareness on environment via trainings, CSR activities and our products, being in Sustainability Indices (SI).</p> <p>We became the 1st public institution in Turkey to announce its commitment by SBT initiative, in 2019.</p> <p>As of 2019, we have increased the number of ISO 14001 certified locations to 523 and aim to have all our employees work in ISO 14001 certified buildings. Energy & emission efficiency will be improved, and our footprint will be decreased.</p> <p>We will be keeping on training & awareness raising activities on "Sustainability & CC" for our employees to raise the consciousness, Training agenda is currently scheduled for 2020. In 2019, we provided our employees with 8,263 hrs of online training on environment and 6,260 hrs of in-class training on sustainability. Also, a total number of 370 employees participated in ISO 14001 trainings and 250 branches were audited through ISO 14001. As of the end of 2019; 861 employees have been certified via trainings of ISO 9001 and ISO 14001.</p> <p>International banking will be in effort to obtain new syndication credits &/or international funds for low carbon finance. We plan to carry out our first sustainable bond issue in 2020 depending on the situation of the market conditions.</p> <p>We will be promoting our low carbon products and our products that decrease third parties' carbon footprints like credits for environment friendly buildings, energy efficiency, and mobile banking products.</p> <p>We will put effort on continuity in the SI in which we are currently listed (BIST Sustainability Index, FTSE4Good Emerging Markets Index,</p>

			<p>Bloomberg Gender Equality Index) and to take part in other accepted SI.</p> <p>We will be considering physical climate risks effects in new branch location selection. Also, for existing branches, we will be putting effort by our constructional works unit to minimize the potential physical effects of CC.</p>
Medium-term	2	6	<p>Vakıfbank defines medium-term as between 2 and 6 years. In mid-term, Vakıfbank plans to be in more global Sustainability Indices, numericizing its Science Based Targets and performing accordingly, obtaining and delivering low carbon funds, being a mediating bank in cap and trade schemes, raising awareness on environment.</p> <p>Vakıfbank considers to be in more global sustainability indices.</p> <p>Vakıfbank will numericize its Science Based Targets for emission reduction and will be following its action plan.</p> <p>Vakıfbank will be one of the leading Turkish banks promoting low carbon economy. It will enlarge its green economy products and portfolio. It will raise the funds, provided from international organizations and responsible investment funds. International banking will be in effort to obtain new syndication credits and/or international funds for low carbon finance. Vakıfbank will carry out its activities to play an active role in the market in responsible and green financing areas to create investment opportunities in the bank that can provide permanent value for investors.</p> <p>Vakıfbank considers that Turkey will be included in cap and trade schemes in 6 years and if so, Vakıfbank will be one of the mediating banks for the market.</p> <p>With the help of Vakıfbank's high-end technologies, the use of Vakıfbank's products that decreases third parties' carbon footprints like internet and mobile banking will be boosted.</p> <p>All Vakıfbank locations will be in ISO 14001 Environmental Management System with advanced recycle management system. Energy and emission efficiency will be improved and the environmental footprint will be decreased.</p> <p>Vakıfbank will be keeping on training and awareness raising activities on "Sustainability and Climate Change" for Vakıfbank employees to raise the consciousness.</p> <p>Vakıfbank will be considering physical climate risks effects in new branch location selection. Additionally, for existing branches, the Bank will</p>

			<p>be putting effort by its constructional works unit to minimize the potential detrimental physical effects of climate change.</p> <p>Vakıfbank will be raising the awareness of its supply chain on environmental consciousness, and also will be including relevant terms accordingly on its procurement agreements, monitoring and auditing them on ESG criteria.</p>
Long-term	6	11	<p>We define long-term between 6 & 11 yrs. In long-term, we plan to be in more global SI, numericizing our SBTs and performing accordingly, obtaining & delivering low carbon funds, being a mediating bank in cap and trade schemes, raising awareness on environment, building capacity on ESG criteria on our supply chain, considering green purchasing rules in our procurement activities.</p> <p>We consider to be in many global SI and aim to fully perform through our SBTs.</p> <p>We aim to be one of the leading banks in Turkey promoting low carbon economy. We will enlarge our green economy products & portfolio. We will raise the funds provided from international organizations & responsible investments. We will be in effort to obtain new syndication credits &/or international funds for low carbon finance. By carrying out activities to play an active role in responsible & green financing areas we will create permanent value for investors.</p> <p>If Turkey will be in cap and trade schemes, we aim to be one of the mediating banks.</p> <p>Furthermore using the internal price of carbon, we aim to be in TFCD and be one of the leading banks to disseminate the accounting system internalizing the carbon price.</p> <p>With the help of our high-end technologies, the use of our products that decreases third parties' carbon footprints like internet and mobile banking will be boosted.</p> <p>All our locations will be both in ISO 14001 and ISO 50001 with advanced recycle management system. Energy & emission efficiency will be improved, and the environmental footprint will be decreased. The branches will be highly digital with less employees.</p> <p>We will be contributing to the green economy and sustainable development with our expectations from our suppliers & credit beneficiaries.</p> <p>We will be keeping on training & awareness raising activities on "Sustainability & CC" for not only our employees, but also to our customers and suppliers to raise their consciousness.</p> <p>We will be considering & minimizing physical climate risks effects in existing branches and new branch location selections.</p> <p>We will be keeping our efforts on raising the awareness of our supply chain on environmental consciousness. By including relevant terms into our procurement agreements, monitoring & auditing them on ESG criteria, we will be applying green purchasing activities. With our wide span, we aim to affect our supply chain and raise the bar in Turkey.</p>

C2.1b

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

As the representative of a well-established tradition & experience in the banking system of our country, we aim to leave a more liveable world for the next generations with our activities in sustainable banking, while continuing our efforts for the growth, development & integration of the national economy for 65 years. For this reason, we manage our economic, environmental, & social performance in a way that creates value & benefit for all our stakeholders by including “sustainable development” among the focus of our value creation model. We carry out our activities, in other words, our business model in an external environment that includes economic conditions, technological changes, social problems & environmental challenges. This external environment has an impact that creates both risk & opp. for our business model. Therefore, we consider the effects of the external environment on our ability to create value. With this perspective, we believe that climate change (CC) is a phenomenon that has significant financial & strategic effects for our industry.

On the other hand: we are aware that in addition to our direct impact, we have considerable indirect impact. Almost all sectors can be our customers &/or we can be investors of all sectors, consequently financial sector is highly related with any other sector. If any sector exposes to the impacts of CC, so do the financial sector. Likewise, any innovation that will positively effect a sector could have a positive impact on the financial sector as well.

Every year the negative & destructive effects of CC experienced worldwide enhance. Research shows that the current effort at the global level is not enough to keep global warming below 1.5 degrees Celsius. Taking into account the magnitude of the impact it creates with the financing provided by the financial sector, the relationship between CC & the financial sector is evaluated under a different category in many platforms. With the impact of CC on natural resources, transition to carbon free economy, carbon trade, use of clean energy sources & business models that increase energy efficiency & reduce carbon emissions have become the issues that are frequently discussed in our agenda. The economy is actually transforming with all the studies & practices aimed at reducing the effects of CC & adapting to them. Being aware of the risks resulting from this transformation, it is important to make it a part of the risk assessment process by taking into consideration environmental & social risks in the projects financed within the framework of responsible banking approach. Moreover, in order to support sustainable growth, it is necessary to create financial products & services for new professions & business models as well as the needs that emerge with the economic change. Consequently, not following the up-to-date development on sustainable business & finance could have a negative strategic & financial effect on our company.

CC, which is the most important problem of our age, has effects on both our operations & the financing, that we provide through our IT system infrastructure & our widespread branch network. Besides its physical effects on our 943 branches, both domestic & overseas, 26 regional buildings and 4,245 ATMs; there are also effects on our loan portfolio, which covers retail, corporate, commercial, agricultural & SMEs. As the fourth largest bank in Turkey, the support we provided to the national economy through cash & non-cash loans exceeded TL 352 billion in 2019. Therefore, we consider the effects of CC as an important part of our risk assessment process.

Additionally, we are aware that we have a responsibility for the environmental & social impacts of the projects we finance within the framework of our responsible finance approach, which is the basis of our duty to contribute to society & the environment. In this context, 'Environmental & Social Impact Assessment & Sustainability' is included as a special title in our Credit Policy Document in order to evaluate the environmental & social impacts of the projects we finance. In this way, we focus on creating a positive indirect effect with the projects we provide financing, & prioritize environmentally friendly projects, energy efficiency & renewable energy projects in financing. We provide financial support to sustainable energy investments & projects by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2019, we provided finance support of over TL 1.3 billion to 37 renewable energy projects.

In 2019, the amount of cash project loan limit assigned to energy and steel-iron production sectors (emission intensive sectors) is TL 4.7 billion and TL 1.3 billion of it is provided.

As the end of 2019, the outstanding amount of the loans provided to cement, energy and steel-iron production sectors is 2.88 % of our bank's commercial credits loan portfolio.

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

Long-term

Description of process

Vakıfbank has an advanced and multi-level, multi-disciplinary, company-wide risk & opportunity management model. The description of a process for identifying and assessing climate-related risks is as follows: Board of Directors is the main and the highest-level responsible of the overall performance of the Bank. The main responsibility of the Sustainability (including climate change) is on the Corporate Governance Committee, which directly reports to BoD. Stakeholder expectations and material issues analysis are performed periodically from various channels. One of the main channels is the one performed during Integrated Reporting annually. Findings are evaluated mainly by the Strategy Development and Planning, Investor Relations, Env. Man. Serv. and Risk Dept. to determine the risks and opportunities. Besides, relevant core business units (Credits, SME Banking, International Banking, etc.) detect the possible risks & opp.s on Climate Change. Furthermore, each department mentioned above provides input to risk and opportunity assessment. These inputs contain insights and feedbacks gathered from their stakeholders of whom they are in touch with. As a result, risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. On the other hand, inspectors also examine periodically.

i) Company level assessment processes:

CGC, with the support of Environmental Management Service (EMS), is responsible from identifying the risks & opportunities that might result from climate change. EMS has the coordinating role among all departments in identifying and communicating the Climate Change (CC) risks & opp.s. The risks & opp.s are then shared with the Risk Management Dept. under the BoD for further assessment & prioritization. Risks are categorized and if necessary; monitored or elevated to Committee and/or necessary actions are taken. Reputational risk, operational risk and credit risk are of our Company wide risks about CC.

ii) Asset level processes:

Several dept.s are responsible from determining asset levels risks for Vakıfbank due to climate change. In credit line; "Financial Evaluation and Ranking Dept." gathers data about the applicant's sector and the applicant itself and prepares the initial assessment report, including CC risks & opp.s. Afterwards, each department considers and evaluates their risks according to their credit type responsibilities. The following dept.s assess credit applications integrating climate change risks and opportunities:

- Investment Loans Project Development and Analysis
- Agricultural Credits
- SME Credits
- Specialized Loans Projects Development and Analysis
- Commercial Credits

As an example; substantial financial impacts about climate-related risks may arise from following subjects. For credit applications over a certain budget, Investment Loans Project Development and Analysis Dept. prepares Financial-Technical-Economic Analysis for Credit Dept.s for an additional risk assessment.

The technical part of these reports considers env. & social (including CC) risks & opp.s that may result from the project, as well as possible risks & opp.s that may impact the project.

The potential risks & opportunities that are identified by Sustainability Working Group-SWG (Formerly; Sustainability Sub-Committee), together with Sustainability Service and EMS, and are communicated to the Risk Management Dept. under the BoD for further assessment & classification. Vakıfbank puts importance on evaluating and managing environmental risks on its credit line. Emission intense clients and projects (e.g. Thermal power plants) are assessed thoroughly and evaluated by high level decision makers within Vakıfbank. Besides, as the most active Turkish bank of international capital markets, we have included the issue of Green Bond &/or Sustainable Bond to our agenda, which has been used as a funding tool for climate change and green projects for many years in developed countries, especially in Europe, and which has started to be seen in our country in recent years. We plan to carry out our first sustainable bond issue in 2020, depending on the market conditions.

SWG, together with Sustainability Service and EMS, prepare the risk & opportunity categories (according to the decisions taken by Board of Directors) that may occur due to climate change, and shares this information with credit dept.s, Intelligence Dept. and Project Analysis Dept. in order to integrate them into the risk analysis procedures. Risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. On the other hand; Vakıfbank's in-house inspectors also examine risks and opp.s less than a year.

Risk assessments, research, stakeholder consultation & good governance provide us the input needed to prioritize the risks & opp.s. Risks & opp.s are assessed & prioritised depending on the magnitude of the potential loss & the probability that the loss will occur. Financial, environmental, reputational, legal & customer criteria are considered. The frequency of risk assessments depends on the business unit and risk type, taking place at least annually.

Loan applications for Energy Generation and Energy Efficiency Projects is considered in special attention. While assessing and prioritizing risks, parameters such as price of energy, supply & demand balance and external factors that may impact these two parameters are taken into account. CC has been among those parameters since several years for us. Vakıfbank considers CC as a serious thread which may have direct impact on Vakıfbank's operations, reputation, and capital assets. If they are evaluated at the high-risk category, then they are defined as substantial financial impact.

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 existing regulations. As a public bank, we put great importance on this matter. EMS and Legal dept. steers Vakıfbank for full compliance. Both national and international current regulations are taken into account.
Emerging regulation	Relevant, always included	<p>Vakıfbank's Sustainability Working Group members, especially Sustainability Service EMS and Project Development and Analysis Dept. follow the upcoming regulations and sometimes share its opinion directly or indirectly via sectoral organisations such as Turkish Banks Association. Emerging regulations are considered in the risk assessment.</p> <p>Within the framework of approximation to EU Acquis, Turkey is expected to integrate to European Emission Trading Scheme, thus to the cap and trade system. Therefore, both national and international emerging regulations are taken into account.</p> <p>For example, if a regulation about carbon taxes get into force in Turkey, then it will be an extra cost item for Vakıfbank. Such climate change risks are considered in our climate change related risk assessments.</p> <p>Additionally, European Union is working on EU Green Deal, which could have substantive business and financial effects on Turkey a neighbouring and exporting country to EU.</p> <p>Env. Man Serv. gathers comprehensive environmental data from all premises including its branches abroad, calculates its emissions in ISO 14064-1 Standards with the support of ESG Turkey Sustainability Consultancy firm and make the data and its reductions verified the ISO 14064-3 Standards</p>
Technology	Relevant, always included	<p>Technology is considered in the risk and opportunity assessments. As we are a bank, we are highly dependent on technology. For example, any physical adverse effect of Climate Change such as storms and floods could cause a high damage on our business such as disruption in services provided.</p> <p>Another most common example could be the increase in electricity energy, consequently our emissions depending on the increase in use of technology.</p>

Legal	Relevant, always included	Vakıfbank always aims to fully comply with regulations, as a public bank puts great importance on this. 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).
Market	Relevant, always included	Vakıfbank considers climate related market risks in its risk assessment. For example, financing thermal energy plants using fossil fuels is a risk. Vakıfbank uses international funds from EBRD, EIB and AFD, there is environmental and social risk management systems for these funds.
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.
Acute physical	Relevant, always included	Vakıfbank operations are highly dependent on technology. Therefore, floods, storms, extreme weather conditions could affect banking operations. Vakıfbank takes them into consideration in its risk assessments and takes necessary precautions. In addition to that, Vakıfbank operations are highly dependent on electricity and these events could affect the continuity of the electricity supply (energy security) and increase the demand on energy. Therefore, these events could cause disruption in operations. Vakıfbank takes them into account in its risk assessments and takes necessary precautions like having on premise generators at its operation locations. As an example; Vakıfbank insures its all locations including the risks arised from the acute-physical risks. In 2019, 24 of damages caused by natural disaster were covered by the insurance, and the total amount of compensation was TL 77,067,80
Chronic physical	Relevant, always included	Chronic physical risks like change in precipitation regimes, drought, change in sea temperatures could negatively affect economy and especially some sectors like agriculture, fishery. Vakıfbank is aware of them and takes them into account in its risk assessments. Necessary precautions like awareness raising among its credit analysts and customers is conducted. In the scope of agricultural loan we consider risks and opportunities, with the belief that sustainable agriculture is critical to the future of our country. We continue to be the power next to the farmer since 2014 and the number of farmers, we delivered TarımKart, reached approximately 120,000 in 2019. Our Agricultural Credits Department takes into consideration the report, which is prepared by Financial Evaluation and Ranking Department by gathering data about the sector, and evaluates credit applications integrating risks and opportunities, including climate change and water. In addition to our financing services in 2019; we established VakıfBank Farmers Academy to increase the technical knowledge of our farmers, reduce costs in agricultural production, increase productivity and contribute to sustainability in agriculture. In addition to that, Vakıfbank operations are highly dependent on electricity and these events could increase the demand on energy. This may cause disruption in supply and consequently disruption in operations. Vakıfbank takes them into account in its risk assessments and takes necessary precautions like having on premise generators at its operation locations. As an example; Vakıfbank insures its all

		locations including the risks elevated from the physical risks. In 2019, 24 of damages caused by natural disaster were covered by the insurance, and the total amount of compensation was TL 77,067,80
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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	Please explain
Bank lending (Bank)	Yes	<p>In credit line; "Financial Evaluation and Ranking Dept." gathers data about the applicant's sector and the applicant itself and prepares the initial assessment report, including CC risks & opp.s. Afterwards, each department considers and evaluates their risks according to their credit type responsibilities. The following dept.s assess credit applications integrating climate change risks and opportunities:</p> <ul style="list-style-type: none"> - Investment Loans Project Development and Analysis - Agricultural Credits - SME Credits - Specialized Loans Projects Development and Analysis - Commercial Credits <p>For credit applications over a certain budget, Investment Loans Project Development and Analysis Dept. prepares Financial-Technical-Economic Analysis for Credit Dept.s for an additional risk assessment. The technical part of these reports considers env. & social (including CC) risks & opp.s that may result from the project, as well as possible risks & opp.s that may impact the project.</p> <p>The potential risks & opportunities that are identified by Sustainability Working Group-SWG (Formerly; Sustainability Sub-Committee), together with Sustainability Service and Environmental Management Service (EMS), and are communicated to the Risk Management Dept. under the Board of Directors for further assessment & classification. Vakıfbank puts importance on evaluating and managing environmental risks on its credit line. Emission intense clients and projects (e.g. Thermal power plants) are assessed thoroughly and evaluated by high level decision makers within Vakıfbank.</p>

		<p>Loan applications for Energy Generation and Energy Efficiency Projects is considered in special attention. While assessing and prioritizing risks, parameters such as price of energy, supply & demand balance and external factors that may impact these two parameters are taken into account. CC has been among those parameters since several years for us. Vakıfbank considers CC as a serious thread which may have direct impact on Vakıfbank's operations, reputation, and capital assets.</p> <p>In 2019, the amount of cash project loan limit assigned to energy and steel-iron production sectors (emission intensive sectors) is TL 4.7 billion and TL 1.3 billion of it is provided.</p> <p>As the end of 2019, the outstanding amount of the loans provided to cement, energy and steel-iron production sectors is 2.88 % of our bank's commercial credits loan portfolio.</p>
Other products and services, please specify	Not applicable	Since our portfolio mainly consists of the bank lending, focusing on other products and services will perform lower than focusing on assessment of our bank lending portfolio. Furthermore, the stakeholder expectations to assess other products and services' portfolio's exposure to climate-related risk and opportunities is considered as too low

C-FS2.2c

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

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	Majority of the portfolio	Qualitative and quantitative	<p>Several dept.s are responsible from determining asset levels risks for Vakıfbank due to climate change. In credit line; "Financial Evaluation and Ranking Dept." gathers data about the applicant's sector and the applicant itself and prepares the initial assessment report, including CC risks & opp.s. Afterwards, each department considers and evaluates their risks according to their credit type responsibilities. The following dept.s assess credit applications integrating climate change risks and opportunities:</p> <ul style="list-style-type: none"> -Investment Loans Project Development and Analysis - Agricultural Credits - SME Credits - Specialized Loans Projects Development and Analysis -Commercial Credits

Substantial financial impacts about climate-related risks may arise from following subjects. For credit applications over a certain budget, Investment Loans Project Development and Analysis Dept. prepares Financial-Technical-Economic Analysis for Credit Dept.s for an additional risk assessment. The technical part of these reports considers env. & social (including CC) risks & opp.s that may result from the project, as well as possible risks & opp.s that may impact the project.

The potential risks & opportunities that are identified by Sustainability Working Group-SWG (Formerly; Sustainability Sub-Committee), together with Sustainability Service and EMS, and are communicated to the Risk Management Dept. under the BoD for further assessment & classification. Vakıfbank puts importance on evaluating and managing environmental risks on its credit line. Emission intense clients and projects (e.g. Thermal power plants) are assessed thoroughly and evaluated by high level decision makers within Vakıfbank.

SWG, together with Sustainability Service and EMS, prepare the risk & opportunity categories (according to the decisions taken by Board of Directors) that may occur due to climate change, and shares this information with credit dept.s, Intelligence Dept. and Project Analysis Dept. in order to integrate them into the risk analysis procedures. Risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. On the other hand; inspectors also examine periodically.

Risk assessments, research, stakeholder consultation & good governance provide us the input needed to prioritize the risks & opp.s. Risks & opp.s are assessed & prioritised depending on the magnitude of the potential loss & the probability that the loss will occur. Financial, environmental, reputational, legal & customer criteria are considered. The frequency of risk assessments depends on the business unit and risk type, taking place at least annually.

Loan applications for Energy Generation and Energy Efficiency Projects is considered in special attention. While assessing and prioritizing risks, parameters such as price of energy, supply & demand balance and external factors that may impact these two parameters are taken into account. CC has been among those parameters since several years for us. Vakıfbank considers CC as a serious thread which may have direct impact on Vakıfbank's operations, reputation, and capital assets. If they are evaluated at the high-risk category, then they are defined as substantial financial impact.

C-FS2.2d

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

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Majority of the portfolio	<p>Due to climate change has an adverse impact on natural resources, in particular water resources, related departments assess their risks according to their credit type responsibilities.</p> <p>With the belief that sustainable agriculture is critical to the future of our country, we considers water related risk and opportunities in the scope of agricultural loan. We continue to be the power next to the farmer since 2014 and the number of farmers, we delivered TarımKart, reached approximately 120,000 in 2019. Also, the ratio of the agricultural loans to the SME Loan is 2%, in 2019. Our Agricultural Credits Department takes into consideration the report, which is prepared by Financial Evaluation and Ranking Department by gathering data about the sector, and evaluates credit applications integrating risks and opportunities, including climate change and water.</p> <p>The potential risks & opportunities that are identified by Sustainability Working Group-SWG (Formerly; Sustainability Sub-Committee), together with Sustainability Service and Environmental Management Service (EMS), and are communicated to the Risk Management Dept. under the Board of Directors for further assessment & classification. Vakıfbank puts importance on evaluating and managing environmental risks on its credit line. Water intense clients and projects (e.g. Hydroelectric power plants) are assessed thoroughly and evaluated by high level decision makers within Vakıfbank. Since the flow of the water has a significant effect on the energy generation process, loan applications for energy generation through hydroelectric power plants is considered in special attention. Vakıfbank considers CC and water as a serious thread which may have direct impact on Vakıfbank's operations, reputation, and capital assets.</p>
Other products and services, please specify	Not applicable		Since our portfolio mainly consists of the bank lending, focusing on other products and services will perform lower than focusing on assessment of our bank lending portfolio. Furthermore, the stakeholder expectations to assess other products and services' portfolio's exposure to water-related risk and opportunities is considered as too low.

C-FS2.2e

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

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Majority of the portfolio	<p>Vakıfbank considers Climate Change as a serious thread which may have direct impact on Vakıfbank's operations, reputation, and capital assets. Vakıfbank considers its portfolio's exposure to forests-related risks and opportunities in the regard of the adverse impacts of the climate change.</p> <p>In credit line; "Financial Evaluation and Ranking Dept." gathers data about the applicant's sector and the applicant itself and prepares the initial assessment report, including CC risks & opp.s. Afterwards, each department considers and evaluates their risks according to their credit type responsibilities. The following dept.s assess credit applications integrating climate change risks and opportunities:</p> <ul style="list-style-type: none"> - Investment Loans Project Development and Analysis - Agricultural Credits - SME Credits - Specialized Loans Projects Development and Analysis - Commercial Credits <p>For credit applications over a certain budget, Investment Loans Project Development and Analysis Dept. prepares Financial-Technical-Economic Analysis for Credit Dept.s for an additional risk assessment. The technical part of these reports considers env. & social (including CC) risks & opp.s that may result from the project, as well as possible risks & opp.s that may impact the project.</p> <p>The potential risks & opportunities that are identified by Sustainability Working Group-SWG (Formerly; Sustainability Sub-Committee), together with Sustainability Service and Environmental Management Service (EMS), and are communicated to the Risk Management Dept. under the Board of Directors for further assessment & classification. Vakıfbank puts importance on evaluating and managing environmental risks on its credit line. Emission intense clients and projects (e.g. Thermal power plants) are assessed thoroughly and evaluated by high level decision</p>

		<p>makers within Vakıfbank.</p> <p>Loan applications for Energy Generation and Energy Efficiency Projects is considered in special attention. While assessing and prioritizing risks, parameters such as price of energy, supply & demand balance and external factors that may impact these two parameters are taken into account. CC has been among those parameters since several years for us.</p>
Other products and services, please specify	Not applicable	<p>Since our portfolio mainly consists of the bank lending, focusing on other products and services will perform lower than focusing on assessment of our bank lending portfolio. Furthermore, the stakeholder expectations to assess other products and services' portfolio's exposure to forests-related risk and opportunities is considered as too low.</p>

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	<p>We are aware that we have a responsibility for the environmental and social impacts of the projects we finance within the framework of our responsible finance approach, which is the basis of our duty to contribute to society and the environment. We carry out studies to understand how our portfolio impacts the climate. In this context we evaluate the environmental and social impacts of the projects we finance, through 'Environmental and Social Impact Assessment and Sustainability', which is included as a special title in our Credit Policy Document. In this way, we focus on creating a positive indirect effect with the projects we provide financing, and prioritize environmentally friendly projects, energy efficiency and renewable energy projects in financing whereas we do not include certain sectors within the scope of prohibited sectors.</p> <p>We request the documents that the projects need to provide regarding environmental standards before the project financing, and we lay down the Environmental Impact Assessment (EIA) Reports as a prerequisite in order to determine the environmental impacts of all the projects we finance. In addition to environmental criteria, we expect employees in the projects to comply with various social criteria in terms of employee and human rights, ethical values, non-child labor and non-forced labor. We see it as our responsibility to monitor the continuity of the positive impact created in the projects we finance.</p> <p>This process, which we have implemented in the project finance phase within the framework of a responsible banking approach, also facilitates our cooperation with international financial institutions such as the World Bank, the European Bank for</p>

		<p>Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the German Development Bank (KfW). Thus, we can successfully manage the process of meeting the high ethical, environmental and social criteria, which are among the requirements of many projects that we provide financing through related institutions.</p> <p>Our target for 2020 is to systematize Environmental and Social Risk Management in the light of our experience so far. We are working on the establishment of an environmental and social risk management system in the loan allocation processes within the scope of the fund we provide from the French Development Agency (AFD). We aim to complete the establishment of this Environmental and Social Risk Management System by the end of the year.</p> <p>Being aware of the fact that climate change, which is the most important problem of our age, has effects on both our operations and the financing we provide, we consider the effects of climate change as an important part of our risk assessment process. Playing an active role in the transition to a low carbon economy by effectively managing risks is among our goals. In order to contribute to the fight against climate change, in 2019 we became the first Turkish public institution to announce the commitment to reduce carbon emissions by participating in the Science Based Targets initiative, led by many international pioneering organizations. Thus, apart from adding international standards to our activities, we have shared the strategy and governance of climate change, risk management and carbon emission amount and our goals in this regard with the international investors and the public within the scope of the CDP Climate Change Program in which we have been reporting since 2015.</p>
Other products and services, please specify	Not applicable	<p>We do not require any CC information for other products and services, since our portfolio mainly consists of the bank lending. Also, focusing on other products and services will perform lower than focusing on assessment of our bank lending portfolio. Furthermore, the stakeholder expectations within the scope of this topic is considered as too low.</p>

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?

Downstream

Risk type & Primary climate-related risk driver

Market

Increased cost of raw materials

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Within the framework of approximation to EU Acquis, Turkey is expected to integrate to European Emission Trading Scheme, thus to the cap and trade system. During this process, several Turkish industrial sectors may have reduced their emissions through low carbon technology investments or through offsetting their GHG emissions, in order to keep their emissions under the allowed threshold levels. While ETS would not apply directly to Vakıfbank, the situation may cause loan recipients to increase their capital costs due to additional regulatory requirements for their investments. Increased costs for investors (which are clients of Vakıfbank) may mean increased risk of capacity of the companies to pay back the bank loans especially for project finance.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

As in 65 years, we continued our support for real sector companies in this period. In this context, we analyze the benefits and costs of our new or existing products in line with our policies, needs and strategies, and guide our work by examining the steps of implementation, risk measurement, monitoring and control. In addition to the studies related to the launching and dissemination of our products we have developed, we closely monitor the demands and needs of the real sector by organizing visits to the leading real sector companies of our country. In 2019, we increased our commercial loans by 22.97%, well above the sector average to TL 209,295 million. We estimated that approximately 0,005% of this portfolio will face with a problem to pay back of their loan, due to new regulations on ETS which will cause an increase in the costs.

Cost of response to risk

785,688

Description of response and explanation of cost calculation

“Sustainability Committee” (which is currently named as 'Corporate Governance Committee') coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by Sustainability Sub-committee”(which is currently named as 'Sustainability Working Group'). Corporate Governance Committee, with the support of Environmental Management Service, is responsible from identifying the risks and opportunities that might result from climate change. Environmental Management Service has the

coordinating role among all departments in identifying and communicating the risks and opportunities due to Climate Change. The risks and opportunities are then communicated to the Risk Management Department under the Board of Directors for further assessment and prioritization. Therefore, cap and trade schemes, its risks, opportunities, and impacts are all assessed by Vakıfbank. Vakıfbank established the Environmental Management Service to evaluate such topics in detail and to determine its responses. On the other hand, Vakıfbank conducts business with international organisations such as EBRD, WB, etc. Therefore, Vakıfbank has sufficient infrastructure and experience to develop or involve in such formations, if necessary. Since there are no cap and trade schemes in Turkey at the moment, the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 8 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019.

Comment

Since there are no cap and trade schemes in Turkey at the moment, the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 8 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary.

Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Legal

Other, please specify

Regulation and supervision of climate-related risk in the industry

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

Policy and legal risk

Company-specific description

Carbon tax would be another instrument to reduce Turkey's overall GHG Emissions. In case implemented, carbon tax will bring additional operational cost to Vakıfbank's clients due to their GHG emissions. Increased operational costs will mean less revenue and increased risk for loan pay back to Vakıfbank from the clients. . If carbon tax is introduced in Turkey, it could have a direct financial impact on Vakıfbank as a GHG emitting organization. Even though, Vakıfbank achieves its emission reduction targets and verifies its emissions by a third-party organization, Vakıfbank may face an amount of carbon tax.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

159,034.23

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

If carbon tax is introduced in Turkey, it could have a direct financial impact on Vakıfbank as GHG emitting organization. Even though, Vakıfbank achieves its emission reduction targets and verifies its emissions by a third-party organization, Vakıfbank may face an amount of carbon tax. Vakıfbank has direct, energy indirect and other indirect emissions of 53,412 tCO₂e in 2019. If we assume that USD 0.5 per tCO₂e is charged as carbon tax, then Vakıfbank would subject to USD 26,206 (TL 159,034.23 as of Dec 31, 2019) of tax expenditure (negative effect).

Cost of response to risk

785,688

Description of response and explanation of cost calculation

'Corporate Governance Committee' coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by Sustainability Sub-committee". Corporate Governance Committee with the support of Environmental Management Service (EMS), is responsible from identifying the risks and opportunities that might result from climate change. Environmental Management Service has the coordinating role among all departments in identifying and communicating the risks and opportunities due to Climate Change. The risks and opportunities are then communicated to the Risk Management Department under the Board of Directors for further assessment and prioritization. As an action, EMS is established to develop Carbon Management strategies and policies. To this aim, EMS calculates, monitors, and take actions to reduce the emissions and mitigate the Climate Change effects on Vakıfbank. For example, GHG Inventory is calculated by EMS and projections about possible carbon tax are prepared. If we assume that USD 0.5 per tCO₂e is charged as carbon tax, then Vakıfbank would subject to USD 26,206 of tax. Since there is no carbon tax in Turkey at the moment, the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 8 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019.

Comment

Since there is no carbon tax in Turkey at the moment, the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 8 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Legal

Other, please specify

Regulation or supervision of new practices and processes

Primary potential financial impact

Other, please specify

Costs to adopt/deploy new practices and processes

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

The Regulation on Energy Performance in Buildings came into force in 2009. According to the regulation, all new and existing buildings must meet minimum energy performance. Existing buildings should receive an energy performance certificate in the near future. With 940 branches, Vakıfbank will have to monitor and increase its energy performance for each branch. This operation will eventually reduce energy costs; however it will bring additional capital cost at the beginning of implementation.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Vakıfbank already has a system to monitor the energy consumption of each branch. The system allows Vakıfbank to determine which branches has low energy efficiency performance. And increasing the energy performance of some branches with low performance is not expected to have medium-level costs for the bank.

Cost of response to risk

785,688

Description of response and explanation of cost calculation

Vakıfbank plans to implement high energy efficiency standards to the new branch offices. Therefore, such upcoming and existing regulatory requirements will be met in the future. EMS is putting focus and performance on topic. As of 2019, Vakıfbank has increased the number of its certified locations to 523, including Head Office building, under the scope of 14001. EMS is a team of 8 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019

Comment

Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

An overall change in all climate parameters combined (precipitation, temperature, etc.) is expected to have negative impacts on agricultural product yields and SMEs. Vakıfbank gives loans to farmers, therefore reduced income for farmers may cause a risk of difficulties of receiving back the loans from the loan recipients.

Time horizon

Short-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)

1,275,100,205

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

With the belief that sustainable agriculture is critical to the future of our country, we continue to be the power next to the farmer with our expert staff and products and services tailored to our needs since 2014. We help our farmer customers meet their financing needs with our business and investment loan products that

are paid once a year in accordance with the harvest periods. In this regard, we adequately finance the operating and investment expenses with our products that are designed according to our customers' needs such as loans for plant production, dairy farming, poultry farming, greenhouse farming, aquaculture, mushroom farming, beekeeping, organic farming, tractor, agricultural land purchase, agricultural equipment, dairy farming. With TarımKart which is another of our products designed for agricultural producers, we finance the inputs that our farmers will need during their agricultural activities, we offer many advantages such as grace period and discount interest rate for their purchases from our agricultural member businesses and enable them to use cash loans within their cash withdrawal limits. We organize state-sponsored TARSİM insurance policies through our branches to our farmers who want to protect their assets against risks such as natural disasters and diseases. We strive to increase the number of farmers that we support every year and our agricultural loan portfolio amount is TL 1,275,100,205 as the end of 2019.

Cost of response to risk

0

Description of response and explanation of cost calculation

Vakıfbank integrates climate risks and associated possible income losses in risk management procedures of project financing on the asset level. According to Vakıfbank's credit policy, eco-friendly projects with the principle of sustainability are given priority for financing. Besides the loan programs originating from international banks, Vakıfbank provides financial incentives to individuals, SMEs, and project owners to support their sustainability projects. In this context, one of the important collaborations we have realized is the Agriculture and Rural Development Loan protocol signed with the French Development Agency (AFD) in November 2017 to support the rural development and agriculture sectors. We have provided funding sources of EUR 80 million that we have provided under the protocol for the use of farmers, agricultural cooperatives and associations under attractive conditions. Within the scope of the protocol we have implemented to support the agricultural development of our country, the number of our farmer customers who have been granted loans to approximately 1,500 and we continue to work on increasing the capacity of agricultural and rural finance through the technical consultancy component included in the program. Besides, in order to understand, analyze and correctly direct our customer's needs, we have provided online training courses to our Agricultural Portfolios that include the working principles of the Cotton, Meat and Dairy, Fruit, Vegetable, Greenhouse Production, Sugar Beet and Grain sectors. We aim to increase our contribution to agricultural sustainability while providing our employees with in-depth knowledge about the agricultural sectors in question with a total of 10.5 hours of trainings that 215 participants benefited.

There are no additional direct costs on management AFD loans.

Comment

There are no additional direct costs on management of AFD loans.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical
Rising mean temperatures

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

An increase in average temperatures especially in summer may result increasing power consumption due to increased use of air conditioners in the buildings.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

5,000,000

Explanation of financial impact figure

Due to the uncertainties involved in estimating the impacts of climate change on increased average temperatures, thus on power consumption of air conditioners, it is not possible to make estimates regarding financial implications on Vakıfbank. However, we assume that will need to purchase new air conditioners in addition to the existing ones, due to the increase in the temperature. Since we prefer air conditioners with high energy efficiency performance, we estimated that the financial impact of this procurement will be maximum TL 5 million for 940 branches.

Cost of response to risk

0

Description of response and explanation of cost calculation

Vakıfbank monitors energy consumption of each branch office. Any increase in electricity consumption is traced. Branches with high electricity intensity is examined for possible energy savings. There is no direct cost of integrating the climate change associated risks into existing risk management procedures.

Comment

There is no direct cost of integrating the climate change associated risks into existing risk management procedures.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Changes in precipitation patterns and extreme variability in weather patterns

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

Extreme weather events, including windstorms, hail storms, floods, etc., could have additional maintenance and insurance costs for all sectors. Vakıfbank has 2 HQ Buildings, 943 branches and 4,245 ATMs as of the end of 2019. Therefore, they are open to detrimental effects of physical risks of Climate Change.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3,018,660,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Vakıfbank has 2 HQ Buildings, 943 branches and 4,245 ATMs as of the end of 2019. Total value of tangible assets of Vakıfbank is 3,018,660,000 as of end of 2019. The possible maximum negative physical financial implication could lead to this extent, but the possibility for this amount of financial impact is extremely low. For the potential financial impact, we took a reasonable proportion of these assets.

Cost of response to risk

787,230

Description of response and explanation of cost calculation

Including physical Climate Change risks such as change in precipitation extremes are managed with the departments in Sustainability Working Group. EMS informs and trains the relevant departments about the detrimental effects of climate change. Constructional Works Department cares these risks and takes necessary measures when renting/buying, moving, or renovating a new premise for Vakıfbank. As an action Vakıfbank insures its physical assets and this insurance also includes the effects of Climate Change. In 2019, 24 of damages caused by natural disasters were covered by the insurance, and the total amount of compensation was TL 77,067,80. Budget of EMS and the uncovered part of the physical damages by insurance company are of the cost of management. The total budget of EMS including employee fees and consultancy services provided are TL 785,688 for 2019 and the uncovered part of the cost of the physical damages at Vakıfbank buildings is TL 1,542.

Comment

Budget of EMS and the uncovered part of the physical damages by insurance company are of the cost of management. The total budget of EMS including employee fees and consultancy services provided are TL 785,688 for 2019 and the uncovered part of the cost of the physical damages at Vakıfbank buildings is TL 1,542.

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Reputation

Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact

Other, please specify

Reduced stock price (market valuation)

Climate risk type mapped to traditional financial services industry risk classification

Reputational risk

Company-specific description

Vakıfbank is a public company and quote to Borsa Istanbul. Vakıfbank is a public company and quoted to Borsa Istanbul. Furthermore, Vakıfbank is qualified to be in BIST Sustainability Index by meeting the sustainability criteria of BIST SI. Vakıfbank has been one of the first four banks that satisfied the Sustainability Criteria developed for the Sustainability index. Leading role of Vakıfbank in sustainable finance in Turkey. Vakıfbank's reputation, brand and market value could be affected negatively due to climate change risks.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,377,500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The market value of Vakıfbank as of end of 2019 is TL 13,775,000,000. Therefore, if we assume that there will be a 10% decrease in Vakıfbank's market value due to a climate change oriented reputational risk, then its negative financial impact will be TL 1,377,500,000.

Cost of response to risk

785,688

Description of response and explanation of cost calculation

'Corporate Governance Committee' coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by Sustainability Sub-committee "Sustainability Working Group'. Corporate Governance Committee, with the support of Environmental Management Service, is responsible from identifying the risks and opportunities that might result from climate change. Environmental Management Service has the coordinating role among all departments in identifying and communicating the risks and opportunities due to Climate Change (Investor Relations, Corporate Communication, etc.). The risks and opportunities are then communicated to the Risk Management Department under the Board of Directors for further assessment and prioritization. The unit of Vakıfbank, whose prior focus is climate change effects, is Environmental Management Service. As the cost of management, the budget of EMS including employee fees and consultancy services provided are TL 785,688.

Comment

The unit of Vakıfbank, whose prior focus is climate change effects, is Environmental Management Service. As the cost of management, the budget of EMS including employee fees and consultancy services provided are TL 785,688.

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?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Within the framework of approximation to EU Acquis, Turkey is expected to integrate to European Emission Trading Scheme, thus to the cap and trade system. During this process, several Turkish industrial sectors may have reduced their emissions through low carbon technology investments or through offsetting their GHG emissions, in order to keep their emissions under the allowed threshold levels. While ETS would not apply directly Vakıfbank, it may bring opportunities by accelerating the demand for renewable energy and energy-efficiency projects, which the company can finance. Besides, as the most active Turkish bank of international capital markets, we have included the issue of Green Bond &/or Sustainable Bond to our agenda, which has been used as a funding tool for climate change and green projects for many years in developed countries, especially in Europe, and which has started to be seen in our country in recent years. We plan to carry out our first sustainable bond issue in 2020, depending on the market conditions.

Time horizon

Short-term

Likelihood

Very 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)

406,769,400

Potential financial impact figure – minimum (currency)**Potential financial impact figure – maximum (currency)****Explanation of financial impact figure**

We continue our cooperation with the European Investment Bank (EIB), the World Bank, the European Bank for Reconstruction and Development (EBRD), the German Development Bank (KfW) and the French Development Agency (AFD) to support the real sector with long-term and cost-effective funding sources. As of 30 September 2019, we have completed our loan disbursements, which we started as part of the SME Energy Efficiency Project provided by the World Bank to three state banks in 2013. Within the scope of the project, we provided funding sources to support the energy efficiency investments of the enterprises. The total amount of the funding was USD 68,307,204 (approx. TL 406 million as of 31 Dec 2019) also, the fund will provide an estimated 745,693 tons of CO2 emission reduction over the lifetime of the investments. In 2017, we extended the first the Performance Guaranteed Transaction Agreements (ESCO) loan within the scope of the project. However, we enriched the PGTC loan portfolio with alternative financing models, leasing and supplier loans. We also provided consultancy services for the evaluation of the loans to be financed under the project while making the entire resource allocated by the World Bank within the scope of the project. We made 3-day field visits and incentive payments to PGTC projects on energy efficiency in Germany.

Cost to realize opportunity

785,688

Strategy to realize opportunity and explanation of cost calculation

“Sustainability Committee” (which is currently named as 'Corporate Governance Committee') coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by Sustainability Sub-committee"(which is currently named as 'Sustainability Working Group'). Corporate Governance Committee, with the support of Environmental Management Service, is responsible from identifying the risks and opportunities that might result from climate change. Environmental Management Service has the coordinating role among all departments in identifying and communicating the risks and opportunities due to Climate Change. The risks and opportunities are

then communicated to the Risk Management Department under the Board of Directors for further assessment and prioritization. Therefore, cap and trade schemes, its risks & opportunities, and impacts are all assessed by Vakıfbank. Vakıfbank established the Environmental Management Service to evaluate such topics in detail and to determine its responses. On the other hand, Vakıfbank conducts business with international organisations such as EBRD, WB, etc. Therefore, Vakıfbank has sufficient infrastructure and experience to develop or involve in such formations, if necessary. Since there are no cap and trade schemes in Turkey at the moment, the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 8 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019.

Comment

Since there are no cap and trade schemes in Turkey at the moment, the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 8 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

After COP meetings in Paris, a consensus provided to limit the global warming under 2 Celsius, if possible 1.5 Celsius. Countries committed decrease their environmental footprint, mitigate the effects of Climate Change, and adapt to Climate Change. This creates a big low carbon economy. Turkey also make national emission reduction commitments. Such a commitment will eventually be reflected as sectoral emission reduction target to be enforced with a cap system for each industrial installation. During this process, several Turkish industrial sectors may have to reduce their emissions through low carbon technology investments or through offsetting their GHG emissions, in order to keep their emissions under the allowed threshold levels. This may bring opportunities for sustainable finance by accelerating the demand for renewable energy and energy-efficiency projects, which the company can finance. Besides, as the most active Turkish bank of international capital markets, we have included the issue of Green Bond &/or Sustainable Bond to our agenda, which has been used as a funding tool for climate change and green projects for many years in developed countries, especially in Europe, and which has started to be seen in our country in recent years. We plan to carry out our first sustainable bond issue in 2020, depending on the market conditions.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,363,214,437.66

Potential financial impact figure – minimum (currency)**Potential financial impact figure – maximum (currency)****Explanation of financial impact figure**

We provide financial support to sustainable energy investments and projects by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2019, we provided finance support of over TL 1.3 billion to 37 renewable energy projects.

Cost to realize opportunity

785,688

Strategy to realize opportunity and explanation of cost calculation

Vakıfbank had realized that Climate Change (CC) is a reality and to create and/or involve in CC mitigation and adaptation is a necessity. Besides, developing green finance in Turkey was a motivation for our strategies. Furthermore, make the society utilize them. In Vakıfbank, Board of Directors is the main and the highest-level responsible of the overall performance of the Bank. Nonetheless, the main responsibility of the Sustainability, including climate change, is on the Corporate Governance Committee. It directly reports to Board of Directors. To steer the strategies; stakeholder expectations & material issues analysis are performed periodically from various channels. One of the main channels is the one we performed during our Sustainability Reporting process annually. Findings are evaluated mainly by the Investor Relations, Environmental Management Services and Risk Department to determine the opportunities & risks and update the strategies. Besides, relevant core business units (Credits, SME Banking, International Banking, etc.) consider the possible risks & opportunities on Climate Change. Then, risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. On the other hand, inspectors also examine the process periodically. Vakıfbank is already providing sustainable finance to its customers. The Environmental Management Service has a quite important role on monitoring and catching these opportunities, therefore we could consider that the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 8 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019.

Comment

Vakıfbank is already providing sustainable finance to its customers. The Environmental Management Service has a quite important role on monitoring and catching these opportunities, therefore we could consider that the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 8 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Markets

Primary climate-related opportunity driver

Improved ratings by sustainability/ESG indexes

Primary potential financial impact

Other, please specify

Increase in Market Value

Company-specific description

Vakıfbank is a public company and quote to Borsa Istanbul. Vakıfbank is a public company and quoted to Borsa Istanbul. Furthermore, Vakıfbank is qualified to be in BIST Sustainability Index by meeting the sustainability criteria of BIST SI. Vakıfbank has been one of the first four banks that satisfied the Sustainability Criteria developed for the Sustainability index. Leading role of Vakıfbank in sustainable finance in Turkey. Vakıfbank's reputation, brand and market value could be affected positively due to climate change opportunities. Also, since 2017, we have been included in the FTSE4Good Emerging Markets Index, which is particularly followed by responsible investors. This year, we also voluntarily participated in the Dow Jones Sustainability Index (DJSI) survey, which is the first sustainability index applied globally and evaluates the management qualities and potential future performances of the leading companies worldwide by integrating the sustainability criteria into traditional financial analyzes, and we started to improve our actions to enhance our performance. Thus, we have taken an important step for investors to make them identify investment opportunities that can create permanent value.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,377,500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The market value of Vakıfbank as of end of 2019 is TL 13,775,000,000. Therefore, if we assume that there will be a 10% increase in Vakıfbank's market value due to a climate change oriented reputational opportunity, then its negative financial impact will be TL 1,377,500,000.

Cost to realize opportunity

785,688

Strategy to realize opportunity and explanation of cost calculation

'Corporate Governance Committee' which is directly reporting to Board of Directors coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by 'Sustainability Working Group'. Corporate Governance Committee, with the support of Environmental Management Service, is responsible from identifying the risks and opportunities that might result from climate change. Environmental Management Service has the coordinating role among all departments in identifying and communicating the risks and opportunities due to Climate Change (Investor Relations, Corporate Communication, etc.). The risks and opportunities are then communicated to the Risk Management Department under the Board of Directors for further assessment and prioritization. The unit of Vakıfbank, whose prior focus is climate change effects, is Environmental Management Service. As the cost of management, the budget of EMS including employee fees and consultancy services provided are TL 785,688.

Comment

Vakıfbank puts effort to maximize its market value.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.1b

(C3.1b) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
Nationally determined contributions (NDCs)	<p>Vakıfbank is focusing on Environmental Management and green finance activities for many years. As a public bank actively putting effort to foster green finance in Turkey. Vakıfbank analysis scenarios about the green economy market in Turkey. Also, follows up the improvements about cap and trade schemes.</p> <p>Turkey declared its NDC plan and stated that it will be decreasing its GHG emissions by 21%. On the other hand, Ministry of Environment is gathering data about the GHG emissions of industry. Therefore, we are also eager to contribute to Turkey's transition to low Carbon economy therefore we are analysing the outcomes and impacts of our potential emission reduction actions/activities and its contribution to our goals on emission reduction.</p>

C3.1d

(C3.1d) 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	<p>As a public bank Vakıfbank is sensitive to develop business lines which is in favor of Turkey and to make the whole society (all economic level from all around Turkey) benefit from them. We had realized that Climate Change (CC) is a reality and to create &/or involve in CC mitigation & adaptation is a necessity (as reported in C2.3a Risk4 and C2.4a Opp1). Besides, developing green finance in Turkey was a motivation for our strategies. Furthermore, make the society utilize them.</p> <p>Therefore; we support and encourage our stakeholders & clients for their sustainable energy projects & investments, regardless of the size of the investment. According to our credit policy, eco-friendly projects has priority for financing. Besides, the loan programmes originating from international banks, we provide financial incentives to individuals, SMEs, & project owners to support their sustainability projects. We provide financial support to sustainable energy investments & projects by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2019, we provided finance support of over TL 1.3 billion to 37 renewable energy projects.</p> <p>Additionally, as of 30 September 2019, we have completed our loan disbursements, which we started as part of the SME Energy Efficiency Project provided by the World Bank to three state banks in 2013. Within the scope of the project, we provided funding sources to support the energy efficiency investments of the enterprises.</p> <p>Moreover, by supporting both energy consultancy & effective projects on energy efficiency, we supported local governments to develop energy efficiency projects, integrating renewable energy into local governments, waste management, generating energy from garbage, lighting, energy efficiency in transportation & water asset management projects.</p> <p>Within the framework of our responsible finance approach, which is the basis of our duty to contribute to society and the environment, 'Environmental & Social Impact Assessment & Sustainability' is included as a special title in our Credit Policy Document in order to evaluate the environmental & social impacts of the projects we finance. In this way, we focus on creating a positive indirect effect with the projects we provide financing, and prioritize environmentally friendly projects, energy efficiency & renewable energy projects in financing.</p>

Supply chain and/or value chain	Yes	<p>Since Vakıfbank is a public company and quote to Borsa Istanbul, we consider the climate related risks and opportunities within the scope of the impacts on our reputation, brand and market value (as reported in C2.3a Risk7 and C2.4a Opp3). We carry out our business processes with our suppliers and business partners, who are among our stakeholders and have a significant impact on our business, by following the economic intelligence reports every year within the scope of the contracts covered by the Regulation on Banks' Procurement of Support Services. We evaluate the economic and managerial competencies of our suppliers, expect them to comply with BRSA regulations and our policies based on agreements and contracts. We take care to ensure that all companies that will be employed in the procurement of support services provide the quality cost balance best and we pay attention to some criteria in corporate, environmental, and social areas. In this context; as the condition of signing a contract with our suppliers, we request documents on occupational health and safety and energy efficiency. Additionally, within the scope of energy efficiency and cost analysis, we score electronic products on the basis of energy efficiency. Moreover, we provide training to our suppliers that provide operational services in line with the nature of the work done in order not to compromise our service quality and contribute to the development of suppliers.</p>
Investment in R&D	Yes	<p>Vakıfbank had realized that Climate Change (CC) is a reality and to create and/or involve in CC mitigation and adaptation is a necessity (as reported in C2.3a Risk2 and C2.4a Opp2). Vakıfbank invests in its RD activities to develop and improve products that decreases third parties' carbon footprint like mobile and internet banking. As a first step of digital transformation within the branch transformation project that we started to implement our new concept in our pilot branch, besides the physical structure; we also simplified in-branch transaction processes. We aimed to increase the digital integration of processes by shortening long processing steps. In this way, by supporting the paperless banking model, we aim to foster the habits of our customers towards alternative distribution channels in digital areas created within the branch.</p>
Operations	Yes	<p>In order to provide services to our customers without interruption at our operational network, which is dispersed across a wide area in Turkey, we consider the physical impacts of the climate change (CC) (as reported in C2.3a Risk3, Risk5, Risk6). Vakıfbank will be considering physical climate risks effects in new branch location selection. Additionally, for existing branches, the Bank will be putting effort by its constructional works unit to minimize the potential physical effects of CC. Vakıfbank established ISO 14001 Environmental Management System including its HQ buildings & branches as well. As of 2019, we have increased the number of our certified locations to 523 including our HQ building under this scope. In 2020, we aim to have all our employees work in ISO 14001 certified buildings.</p>

Also, we work to reduce the effects & carbon footprint that occur during our activities. In this context, we monitor our environmental performance with an electronic database system & through this system we track the energy, waste & water monthly data entries of HQ & all our branches & effectively manage our greenhouse gas emissions & energy consumption. The Environmental Management Service, which employs 8 full-time employees as our Bank's staff, monitors & controls such data on a regular basis & canalize all our departments to reduce natural resource consumption & greenhouse gas emissions. We also prefer to use products with high efficiency in order to reduce consumption. In this context, we use central heating & cooling systems, energy efficient servers, A-class inverter air conditioners & energy efficient products. We use LED systems in lighting & turn off computers & phones centrally after specified hours. Thanks to all these applications, we save energy & follow up & report our carbon emissions in accordance with the Greenhouse Gas Emission Data Collection & Calculation Regulation. In addition, we report our CC strategy, risks & performance to CDP & present our performance in this regard to the information of our investors & the public. Within CDP CC program to which we have been reporting since 2015, we kept our performance score at B level in 2019 & became one of the participant banks from Turkey who obtained the highest grade. In 2020, we plan to obtain a Gold-certified Green Building Certificate for our buildings of Head Office & IT Department (EBIS).

C3.1e

(C3.1e) 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	Vakıfbank accessed international funds with the help its focus on climate related activities. Funds received with the help of Vakıfbank's focus on climate change increased its assets. Vakıfbank gains high revenues from the funds received by international banking activities. The magnitude of the impact is high. In this context, one of the important collaborations we have realized is the Agriculture and Rural Development Loan protocol signed with the French Development Agency (AFD) in November 2017 to support the rural development and agriculture sectors. We have provided funding sources of EUR 80 million that we have provided under the protocol for the use of farmers, agricultural cooperatives and associations under attractive conditions. Within the scope of the protocol we have implemented to support the agricultural development of our country, the number of our farmer customers who have been granted loans to approximately 1,500 and we continue to work on increasing the capacity of agricultural and rural finance through the technical consultancy component included in the program. Also, as of 30 September 2019, we have completed our loan disbursements, which we started as part of the

SME Energy Efficiency Project provided by the World Bank to three state banks in 2013. Within the scope of the project, we provided funding sources to support the energy efficiency investments of the enterprises. In 2017, we extended the first the Performance Guaranteed Transaction Agreements (ESCO) loan within the scope of the project. However, we enriched the PGTC loan portfolio with alternative financing models, leasing and supplier loans. We continue our cooperation with the European Investment Bank (EIB), the World Bank, the European Bank for Reconstruction and Development (EBRD), the German Development Bank (KfW) and the French Development Agency (AFD) to support the real sector with long-term and cost-effective funding sources. In addition, we started negotiations with AFD on providing sustainable financing.

Operating costs for Vakıfbank could be impacted with the cost of management of climate change management efforts in a very small scale negatively, but with the savings gained by management of these issues will be much higher. Energy savings is much higher than these expenditures, therefore operating costs will lower down. Expenditures to manage climate change risks and opportunities increased Vakıfbank's liabilities in a very small scale. Also, capital expenditures of Vakıfbank is positively affected in sum due to its climate change related focus and activities. The main reason is Vakıfbank main capital expenditure is the interest paid for the capital. With the help of its efforts, by international banking activities Vakıfbank receives capital by low interest from international and green funds. This activity considerably decreases capital expenditures. Capital expenditures of Vakıfbank could be impacted with the cost of management of climate change management efforts in a very small scale negatively, but with the savings gained by management of these issues will be much higher. Energy savings is much higher than these expenditures, therefore operating costs will lower down. Personnel fees of EMS and the budget of consultancy services provided to EMS are TL 785,688 in total for 2019. The magnitude of the impact is moderate.

The market value of Vakıfbank as of end of 2019 is TL 13,775,000,000. Therefore, if we assume that there will be a 10% increase or decrease in Vakıfbank's market value due to a climate change oriented reputational risks, then its positive or negative financial impact will be TL 1,377,500,000.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

As we are a bank; risk management is an important phenomenon for us, and it has vital importance for a bank to operate it successfully. Because, basically, interest rate is determined according to risk.

In Vakıfbank, Board of Directors is the main and the highest-level responsible of the overall performance of the Bank. Nonetheless, the main responsibility of the Sustainability, including climate change, is on the Corporate Governance Committee. It directly reports to Board of Directors. To steer the strategies; stakeholder expectations & materiality issues analysis are performed periodically from various channels. One of the main channels is the one we performed during our Integrated Reporting process annually. Findings are evaluated mainly by the Strategic Planning & Budgeting, Investor Relations, Environmental Management Services and Risk Department to determine the opportunities & risks and update the strategies. Besides, relevant core business units (Credits, SME Banking, International Banking, etc.) consider the possible risks & opportunities on Climate Change. Then, risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. On the other hand, inspectors also examine the process periodically.

As an example, for how our business strategy is influenced is our green financing, such as renewable energy power plants financing, energy efficiency (EE) loans, renewable energy loans, etc. In line with our business strategy Vakıfbank became one of the pioneering banks in Turkey for green finance. We have been conducting research for some time and exchanging ideas with banks with international experience for the issue of Green Bond &/or Sustainable Bond, which has been used as a funding tool for many years in European markets, especially in developed countries, and which has started to be seen in our country in recent years. We are continuing our studies regarding the issuance that can be realized within the scope of the Global Medium Term Note Program (GMTN), and we plan to carry out our first sustainable bond issue in 2020 depending on the situation of the market conditions.

Vakıfbank is a public bank and therefore it is sensitive to develop business lines which is in favor of Turkey and to make the whole society (all economic level from all around Turkey) benefit from them. Vakıfbank had realized that Climate Change (CC) is a reality and to create and/or involve in CC mitigation & adaptation is a necessity. Besides, developing green finance in Turkey was a motivation for our strategies. Furthermore, make the society utilize them.

Therefore, Vakıfbank supports and encourages its stakeholders & clients for their sustainable energy projects and investments, regardless of the size of the investment. According to Vakıfbank's credit policy, eco-friendly projects has priority for financing. Besides, the loan programmes originating from international banks, Vakıfbank provides financial incentives to individuals, SMEs, and project owners to support their sustainability projects. By bringing our collaborations at national level to international dimensions, we have effectively offered various international funding sources to local governments. As a successful partner of Turkey Sustainable Energy Financing Program (TurSEFF) originating from European Bank for Reconstruction and Development (EBRD) in the previous years, we became the first bank to include the municipalities within the scope of the funds since Local Authorities Banking Department began operating. Besides, we see it as 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 a responsible banking approach, also facilitates our cooperation with international financial institutions such as the World Bank, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the German Development Bank (KfW). Thus, we can successfully manage the process of meeting the high ethical, environmental and social criteria, which are among the requirements of many projects that we provide financing through related institutions.

Our target for 2020 is to systematize Environmental and Social Risk Management in the light of our experience so far. We are working on the establishment of an environmental and social risk management system in the loan allocation processes within the scope of the fund we provide from the French Development Agency (AFD). We aim to complete the establishment of this Environmental and Social Risk Management System by the end of the year.

In the long term, in parallel to its strategies, Vakıfbank will be keeping green financing and providing international funds developed on this purpose to Turkey with its accumulated experience. In addition, Vakıfbank is supporting the establishment of cap & trade schemes in Turkey.

As another target, Vakıfbank committed to decrease its direct emissions every year by 2% by intensity. ISO 14001 Environmental Management Systems are decided to be established in 2015. As of 2019, we have increased the number of our certified locations to 523 including our Head Office building under this scope. To manage Climate Change, Vakıfbank established Environmental Management Services unit with a team of 8 full-time employees. Vakıfbank puts importance on capacity development of its employees about sustainability. We believe that employee trainings are vital for creating behavioral change for emission reduction activities, risk man. and product development to mitigate the effects of CC. In this regard, we provided our employees with 8,263 hours of online training on environment and 6,260 hours of in-class training on sustainability in 2019.

C-FS3.2

(C-FS3.2) Are climate-related issues considered in the policy framework of your organization?

Yes, climate-related issues are integrated into our general policy framework that relates to our financing activities

C-FS3.2a

(C-FS3.2a) In which policies are climate-related issues integrated?

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	Credit policy	Majority of the portfolio	<p>We are aware that we have a responsibility for the environmental and social impacts of the projects we finance within the framework of our responsible finance approach, which is 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 effect with the projects we provide financing, and prioritize environmentally friendly projects, energy efficiency and renewable energy projects in financing whereas we do not include certain sectors within the scope of prohibited sectors.</p> <p>We request the documents that the projects need to provide regarding environmental standards before the project financing, and we lay down the Environmental Impact Assessment (EIA) Reports as a</p>

			<p>prerequisite in order to determine the environmental impacts of all the projects we finance. In addition to environmental criteria, we expect employees in the projects to comply with various social criteria in terms of employee and human rights, ethical values, non-child labor and non-forced labor. We see it as our responsibility to monitor the continuity of the positive impact created in the projects we finance.</p> <p>This process, which we have implemented in the project finance phase within the framework of a responsible banking approach, also facilitates our cooperation with international financial institutions such as the World Bank, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the German Development Bank (KfW). Thus, we can successfully manage the process of meeting the high ethical, environmental and social criteria, which are among the requirements of many projects that we provide financing through related institutions.</p> <p>Our target for 2020 is to systematize Environmental and Social Risk Management in the light of our experience so far. We are working on the establishment of an environmental and social risk management system in the loan allocation processes within the scope of the fund we provide from the French Development Agency (AFD). We aim to complete the establishment of this Environmental and Social Risk Management System by the end of the year.</p>
Other products and services, please specify	Other, please specify Environmental Policy, ISO 14001 Environmental Management System	All of the portfolio	<p>Since our portfolio mainly consists of the bank lending, focusing on other products and services will perform lower than focusing on assessment of our bank lending portfolio. On the other hand, we work to reduce the effects and carbon footprint that occur during our activities. By obtaining the ISO 14001:2015 Environmental Management System certificate in 2017 through our environmental management efforts, we have certified that we manage the direct effects of our banking activities on the environment in line with international standards. As of 2019, we have increased the number of our certified locations to 523 including our Head Office building. In 2020, we aim to have all our employees work in ISO 14001 certified buildings. We carry out internal audits every year in all our locations by inspectors of the Audit Board Department and also external audits through independent auditors. In case of nonconformity in the audits, we create a corrective action form and work for the solution of the problem. We ensure the coordination and effectiveness of our Environmental Management System studies with the procedures below we have created on this scope.</p> <ul style="list-style-type: none"> • Waste Control Procedure • Assessment Environmental Dimensions and Control Plans Procedure • Internal Audit Procedure

		<ul style="list-style-type: none"> • Detection of Non-Compliance and Corrective Actions Procedure • Determination and Follow-Up of Legal and Other Requirements Procedure • Management Review Procedure <p>As of the end of 2019, we have certified our 861 employees via trainings within the scope of ISO 9001 Quality Management System and ISO 14001 Environmental Management System, thus having at least one certified employee in our 545 branches. Throughout 2020, we will organize e-learning trainings in order to raise awareness in ISO 9001 Quality Management System and ISO 14001 Environmental Management System.</p>
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C4. Targets and performance

C4.1

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

Both absolute and intensity targets

C4.1a

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

Target reference number

Abs 4

Year target was set

2018

Target coverage

Business activity

Scope(s) (or Scope 3 category)

Scope 2 (location-based)

Base year

2018

Covered emissions in base year (metric tons CO2e)

1,346.45

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

37

Target year

2019

Targeted reduction from base year (%)

2

Covered emissions in target year (metric tons CO2e) [auto-calculated]

1,319.521

Covered emissions in reporting year (metric tons CO2e)

3,252

% of target achieved [auto-calculated]

-7,076.2003787738

Target status in reporting year

Retired

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

We care the environment and put effort to reduce our environmental footprint. Inline with our vision, we aim to maximize the renewable electricity energy consumption. Therefore, we were switching our ATMs to renewable energy producer as much as possible in the limits of regulation. By doing so, we were planning to reduce our location-based Scope 2 emissions for ATMs by 2%. But unexpectedly, we were not able to renew our Private Purchasing Agreement with our renewable energy supplier. Due to confidentiality, we do not to declare the reason publicly. Therefore, we could not meet our target by switching our ATMs to renewable electricity energy supplier. Inversely, all of our ATMs started to use grid electricity. Our ATM emissions increased for that reason.

Target reference number

Abs 5

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1

Base year

2019

Covered emissions in base year (metric tons CO2e)

15,534

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

4

Covered emissions in target year (metric tons CO2e) [auto-calculated]

14,912.64

Covered emissions in reporting year (metric tons CO2e)

15,534

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

We care the environment and put effort to reduce our environmental footprint. Inline with our vision; we aim to reduce our GHG emissions by our efforts driven on energy and emission efficiency, emission reduction activities and raising the awareness by training, communication activities. By doing so, we aim to reduce our Scope 1 emissions by 4%. Our Scope 1 emissions arises from combustion of fossil fuels for heating, generators, company cars and leakages from refrigerants and fire extinguishers.

Target reference number

Abs 6

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 2 (location-based)

Base year

2019

Covered emissions in base year (metric tons CO2e)

32,637

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

4

Covered emissions in target year (metric tons CO2e) [auto-calculated]

31,331.52

Covered emissions in reporting year (metric tons CO2e)

32,637

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

We care the environment and put effort to reduce our environmental footprint. Inline with our vision; we aim to decrease our GHG emissions by our efforts driven on energy and emission efficiency, emission reduction activities and raising the awareness by training, communication activities. By doing so, we aim to reduce our Scope 2 emissions by 4%. Our Scope 2 emissions arises from the electricity energy purchased from the grid.

Target reference number

Abs 7

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2019

Covered emissions in base year (metric tons CO2e)

48,171

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

4

Covered emissions in target year (metric tons CO2e) [auto-calculated]

46,244.16

Covered emissions in reporting year (metric tons CO2e)

48,171

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

We care the environment and put effort to reduce our environmental footprint. Inline with our vision; we aim to reduce our GHG emissions by our efforts driven on energy and emission efficiency, emission reduction activities and raising the awareness by training, communication activities.

Thanks to above mentioned activities, we aim to reduce our Scope 1+2 emissions by 4%. Our Scope 1 emissions arises from combustion of fossil fuels for heating, generators, company cars and leakages from refrigerants and fire extinguishers. Band our Scope 2 emissions arises from the electricity energy purchased from the grid.

Target reference number

Abs 8

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 3 (upstream & downstream)

Base year

2019

Covered emissions in base year (metric tons CO2e)

5,241

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

4

Covered emissions in target year (metric tons CO2e) [auto-calculated]

5,031.36

Covered emissions in reporting year (metric tons CO2e)

5,241

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

We care the environment and put effort to reduce our environmental footprint. Inline with our vision; we aim to reduce not only our direct GHG emissions, but also our indirect emissions by our efforts driven on energy and emission efficiency, emission reduction activities and raising the awareness by training, communication activities.

Thanks to above mentioned activities, we aim to reduce our Scope 3 emissions by 4%. Our Scope 3 emissions arises from combustion of fossil fuels for employee commuting and air travel; paper, tap and drinking water use; waste disposal and waste oil; courier activities.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Intensity metric

Metric tons CO₂e per unit revenue

Base year

2019

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.000017189

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2020

Targeted reduction from base year (%)

2

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

0.0000168452

% change anticipated in absolute Scope 1+2 emissions

2

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

0.000017189

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

Vakıfbank has annual target of 2% emission reduction per each Turkish Liras earned as revenue for its Scope 1 & 2 emissions. This goal is planned to be achieved through continuous emission reduction, energy efficiency projects and behavioral change. For 2019 our Scope 1 & 2 emissions is 48.171 and our revenue is 2,802,291,000 Turkish Liras, which makes the intensity figure 0.000017189 tCO₂e/TL. The target is to reduce the intensity figure from 0.000017189 tCO₂e/TL to 0.0000168452 tCO₂e/TL, which is 2%.

Target reference number

Int 2

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 2 (location-based)

Intensity metric

Metric tons CO₂e per square meter

Base year

2019

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.069825

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2020

Targeted reduction from base year (%)

2

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

0.0684285

% change anticipated in absolute Scope 1+2 emissions

2

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

0.069825

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

We aim to reduce our emissions from electricity use per each square meter of branch offices 2%. This goal is planned to be achieved through continuous emission efficiency projects in branch offices. In 2019, the total surface area for our branches is 467,412.22 m². The target is to reduce the intensity figure from 0.069825 tCO₂e/m² to 0.0684285 tCO₂e/m², which is 2%.

Target reference number

Int 7

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 2 (location-based)

Intensity metric

Metric tons CO₂e per square meter

Base year

2018

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.00797

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2019

Targeted reduction from base year (%)

2

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

0.0078106

% change anticipated in absolute Scope 1+2 emissions

0.46

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

0.069825

% of target achieved [auto-calculated]

-38,804.8933500627

Target status in reporting year

Retired

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

We care the environment and put effort to reduce our environmental footprint. Inline with our vision, we aim to maximize the renewable electricity energy consumption. By doing so, we were planning to reduce our location-based Scope 2 emissions for branches by 2%. But unexpectedly, we were not able to renew our Private Purchasing Agreement with our renewable energy supplier. Due to confidentiality, we do not to declare the reason publicly. Therefore, we could not meet our target by switching our branches to renewable electricity energy supplier. Inversely, all of our branches started to use grid electricity. Our location-based Scope 2 emissions and intensity figure in tCO₂e/m² increased for that reason.

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

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 1

Year target was set

2019

Target coverage

Country/region

Target type: absolute or intensity

Intensity

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

Other, please specify

Percentage (Electricity used from RE sources per total electricity used)

Base year

2019

Figure or percentage in base year

0

Target year

2020

Figure or percentage in target year

10

Figure or percentage in reporting year

0

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this target part of an emissions target?

This target represents our aim to use electricity energy generated from renewable energy resources. It is a part of our long term strategy, but emission reductions arised from use of zero carbon electricity generation (electricity generation from renewable resources) are not included in the absolute, intensity and other targets provided in this report.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

In parallel to our vision to reduce our environmental footprint and support to low carbon economy, we aim to purchase electricity generated from 100% renewable sources by a Private Purchasing Agreement (PPA).

On the other hand, due to our environmental consciousness, we decided to offset all of our carbon footprint sourced in 2019. Beyond that we bought more carbon credits than our overall emissions including Scope 3 and be a Carbon Positive organisation as a pioneering institution in Turkey. In 2020 financial year latest, we plan to start purchasing at least 10% of our electricity from 100% renewable energy resources again.

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

2019

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency

MWh

Target denominator (intensity targets only)

Base year

2019

Figure or percentage in base year

70,234.21

Target year

2020

Figure or percentage in target year

68,829.53

Figure or percentage in reporting year

70,234.21

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this target part of an emissions target?

We aim to reduce our emissions by decreasing our use of electricity energy, which is the main source of our GHG emissions in our inventory. Therefore, we drive continuous energy efficiency projects in our HQ and branch buildings. In addition to them, we are raising the awareness for behavioral change by training and communication activities. Consequently, yes, it is a part of an emission reduction target.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

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 have many opportunities to increase the energy efficiency and reduce the use of electricity energy particularly at our branches, which are located over 900 offices. Our target is to reduce the electricity energy use from 70,234.21 MWh to 68,829.53 MWh, which is 2% in 2020.

Target reference number

Oth 2

Year target was set

2019

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

MWh

Target denominator (intensity targets only)

square meter

Base year

2019

Figure or percentage in base year

0.150262

Target year

2020

Figure or percentage in target year

0.147257

Figure or percentage in reporting year

0.150262

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this target part of an emissions target?

We aim to reduce our emissions by decreasing our use of electricity energy, which is the main source of our GHG emissions in our inventory. Therefore, we drive continuous energy efficiency projects in our HQ and branch buildings. In addition to them, we are raising the awareness for behavioral change by training and communication activities. Consequently, yes, it is a part of an emission reduction target.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

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 have many opportunities to increase the energy efficiency and reduce the use of electricity energy particularly at our branches, which are located over 900 offices. Surface area of our branches is 467,412.22 m2 in 2019. Our target

is to reduce the electricity energy use (MWh) per surface area (square meter) of our branches intensity figure from 0.150262 MWh/m² to 0.147257 MWh/m², which is 2% in 2020.

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 CO ₂ e savings in metric tonnes CO ₂ e (only for rows marked *)
Under investigation	3	2,204
To be implemented*	3	5,177
Implementation commenced*	1	300
Implemented*	2	1,826
Not to be implemented	4	900

C4.3b

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

Initiative category & Initiative type

Energy efficiency in buildings

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

1,826

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

3,500,000

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

2,500,000

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

Within our maintenance program, we switch all our traditional lighting to led lighting. We project that we saved almost 3.900 MWh of electricity energy which releases 1.826 tCO2e.

Initiative category & Initiative type

Company policy or behavioral change

Resource efficiency

Estimated annual CO2e savings (metric tonnes CO2e)

621

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

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

1,800,000

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

50,000

Payback period

<1 year

Estimated lifetime of the initiative

6-10 years

Comment

We care the environment and put effort to reduce our environmental footprint. Inline with our vision; we aim to reduce our GHG emissions by our efforts driven on raising the awareness by training, communication activities.

Thanks to above mentioned activities, we reduced 621 tCO₂e in our Scope 1 emissions in comparison to last year. We believe that it is because of behavioral change of our employees. Our Scope 1 emissions arises from combustion of fossil fuels for heating, generators, company cars and leakages from refrigerants and fire extinguishers.

Initiative category & Initiative type

Low-carbon energy consumption

Hydropower

Estimated annual CO₂e savings (metric tonnes CO₂e)

3,250

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

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

800,000

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

1,000

Payback period

<1 year

Estimated lifetime of the initiative

<1 year

Comment

We care environment and obliged to reduce our GHG footprint. We aim to start purchasing green electricity generated from 100% renewable energy resources by Private Purchasing Agreement (PPA) again. Our Scope 2 emissions in 2019 is 32,504 tCO₂e and we aim to consume 10% of our electricity consumption from electricity generated by 100% renewable energy resources. It will lead an emission reduction of 3,250 tCO₂e.

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

Method	Comment
Dedicated budget for energy efficiency	We put great importance and emphasis on Carbon Management and especially our Environmental Management Service, a team of 8 full-time employees, has a focused effort to decrease Vakıfbank's environmental footprint with the help of emission reduction activities. To modernize and/or move our branches our constructional works unit puts effort continuously. According to our experience and calculations 30% of constructional works unit's budget is used to increase the energy and emission efficiency. We also modernize our ATM inventory. These new ATMs consume less electricity than old ones.

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.
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C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Vakıfbank provides banking services via alternative channels such as internet banking, mobile banking so that decreases the emissions of its customers and indirectly contributes to the combat against climate change. Therefore, we could call them our 'Low Carbon Products'. We continued to enrich our internet and mobile banking transaction sets in 2019. The number of our mobile banking customers increased by 32% in 2019 compared to the previous year and reached 4.5 million. In parallel to this increase in the number of users, the volume of financial transactions made through these channels scaled up by 33% compared to the previous year. Additionally, 94% of the transactions in our bank is carried out through our channels outside the branch.

Please hence that only the ratio of net fee commissions revenue gained from the Alternative Distribution Channels (ADCs) to overall net fee commissions revenue is given as the percentage of the revenue from low carbon product(s) in the reporting year, which is 3.3. The real overall ratio of revenues gained from ADCs are much more, but as the ADCs is not a business unit or profit center on its own we do not have the overall revenue value yet.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

No current regulation in Turkey, company description is applied.

% revenue from low carbon product(s) in the reporting year

3.3

% of total portfolio value

94

Asset classes/ product types

Bank lending

Other, please specify

All banking transactions performed via alternative banking channels

Comment

94% of total transactions are performed via alternative banking channels, therefore our percentage of total portfolio value is specified as 94%.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

15,534

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, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

32,637

Comment

Scope 2 emissions are sourced from electricity energy purchased from the grid. Until 2019, we were purchasing 100% renewable electricity by a Private Purchasing Agreement (PPA). For 2019, we had to change the electricity provider. Please hence that due to confidentiality, we are not declaring the reason of change. Eventhough our use of overall electricity energy decreased by 7% in comparison to last year, our Scope-2 emissions seems extremely increased by 803% for that reason. So as our Scope 1 + 2 emissions seems extremely increased by 133%. Due to this shift, we decided to update our base year as 2019.

Scope 2 (market-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

32,637

Comment

Until 2019, we were purchasing 100% renewable electricity by a Private Purchasing Agreement (PPA). For 2019, we had to change the electricity provider. Please hence that due to confidentiality, we are not declaring the reason of change. Eventhough our use of overall electricity energy decreased by 7% in comparison to last year, our Scope-2 emissions seems extremely increased by 803% for that reason. So as our Scope 1 + 2 emissions seems extremely increased by 133%. Due to this shift, we decided to update our base year as 2019.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Voluntary 2017 Reporting Guidelines

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

US EPA Center for Corporate Climate Leadership: Direct Emissions from Mobile Combustion Sources

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)

15,534

Comment

Scope 1 emissions are arised from combustion of fossil fuels for heating, generators, company cars, fugitive gasses from (HVAC) air conditioning systems and fire extinguishers.

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

We put great importance on reducing our carbon footprint, therefore we offset all of our Carbon footprint including Scope 1, Scope 2 and Scope 3. Furthermore, we bought more carbon credits than our footprint in 2019 and be the pioneering organization in Turkey as being a carbon positive bank.

C6.3

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

Reporting year

Scope 2, location-based

32,637

Scope 2, market-based (if applicable)

32,637

Comment

Until 2019, we were purchasing 100% renewable electricity by a Private Purchasing Agreement (PPA). For 2019, we had to change the electricity provider. Eventhough our use of overall electricity energy decreased by 7% in comparison to last year, our Scope-2 emissions seems highly increased for that reason. On

the other hand, due to our environmental consciousness, we decided to offset all of our carbon footprint. Beyond that we bought more carbon credits than our overall emissions including Scope 3 and be a Carbon Positive organisation as a pioneering institution in Turkey.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 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

Metric tonnes CO₂e

3,578

Emissions calculation methodology

Paper and water consumption are calculated under this section. For water consumption both tap water and bottled water is considered and our carbon footprint arised from these sources was calculated according to ISO 14064-3 methodology. The emission factors for water and paper are gathered from Defra/DECC GHG reporting factors.

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

100

Please explain

Although we are a commercial bank with a wide span of branch network (940) all around Turkey, we monitor and try to decrease our use of paper, tap water and drinking water. In addition to our efforts to decrease the use of natural resources such as water and forests, we consider the carbon footprint arised from use of these resources. Thanks to our efforts; our related emissions decreased from 3,753.06 tCO₂e to 3,578 tCO₂e in 2019 in comparison to last year.

Capital goods

Evaluation status

Not relevant, explanation provided

Please explain

Vakıfbank is providing banking services and its capital goods are IT equipments, furnitures and buildings where its services are provided. About the emissions arised from the production of these capital goods, there is insufficient infrastructure in Turkey to calculate these emissions. Therefore, related data is neither available nor in sufficient quality to calculate the emissions released.

In addition to these, there is too many items and a large number of sources contribute to a small percentage of emissions. Moreover, it needs extensive working hours to calculate the related emissions. Therefore, the cost-benefit of gathering the data is too high. Furthermore, the stakeholder expectations to decrease these Scope 3 emissions of Vakıfbank is considered as too low. Finally, focusing on reducing our Scope 3 emissions from capital goods will perform lower than focusing on reducing emissions from our other sources of emissions.

As a result, Scope 3 emissions sourced from capital goods are decided to be excluded from the boundary of our GHG inventory and considered as not relevant.

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

Evaluation status

Not relevant, explanation provided

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. 59% of the energy by MWh is electricity energy and 41% is fuels for 2019. 53% by energy in MWh of fuels consumed by Vakıfbank is gasoline and diesel for mobile combustion. 3% is diesel and fuel-oil for stationary combustion. 44% natural gas and 0,3% is coal. About the emissions arised from the fuel-and-energy-related activities (not included in Scope 1 or 2), there is insufficient infrastructure in Turkey to calculate these emissions. Therefore, related data is neither available nor in sufficient quality to calculate the emissions released.

In addition to these, Vakıfbank's branches are in diversified locations in Turkey and Vakıfbank has a wide-spread of branches, where generators and company cars are located. It needs extensive working hours to calculate the related emissions and these emission sources contribute to a small percentage of emissions. Therefore, the cost-benefit of gathering the data is too high. Furthermore, the stakeholder expectations to decrease these Scope 3 emissions of Vakıfbank is

considered as too low. Finally, focusing on reducing our Scope 3 emissions from fuel-and-energy-related activities (not included in Scope 1 or 2) will bring less advantage in terms of emission reduction than focusing on from our other sources of emissions.

As a result, Scope 3 emissions sourced from fuel-and-energy-related activities (not included in Scope 1 or 2) are decided to be excluded from the boundary of our GHG inventory and considered as not relevant.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

Vakıfbank is providing deposit banking services. As there is almost no physical product, there is almost no upstream transportation for resources. For banks, upstream transportation and distribution emissions are particularly arises from use of their intellectual capital and the financial capital obtained. Transportation of our customers and investors during VakıfBank's activities of receiving funds, gathering deposits may be considered in Scope 3 emissions arised from upstream transportation and distribution.

We consider upstream transportation and distribution in our Scope 3 emissions is not relevant for following reasons: It is thought that these emissions are very low according to our Scope 1 and Scope 2 emissions. About the emissions arised from the Scope 3 emissions sourced from upstream transportation and distribution, there is insufficient infrastructure in Turkey to calculate these emissions. Therefore, related data is neither available nor in sufficient quality to calculate the emissions released.

Additionally, it needs extensive working hours to calculate the related emissions and these emission sources contribute to a small percentage of emissions. Therefore, the cost-benefit of gathering the data is too high. Furthermore, the stakeholder expectations to decrease these Scope 3 emissions of Vakıfbank is considered as too low. Finally, focusing on reducing our Scope 3 emissions sourced from upstream transportation and distribution will yield less benefit in terms of emission reduction than focusing on our other sources of emissions.

As a result, Scope 3 emissions sourced from upstream transportation and distribution are decided to be excluded from the boundary of our GHG inventory and considered as not relevant.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

9.5

Emissions calculation methodology

DEFRA methodology is used to calculate the GHG Inventory for wastepaper disposal and waste oil.

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

100

Please explain

Eventhough, Vakıfbank has a wide-spread network of branches all over the 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 branches; 523 locations of Vakıfbank branches in Turkey are holding ISO 14001 Environmental Management certificate.

Additionally, waste oil is formed from cantineries at the HQ buildings. The total was 8.87 tCO2e last year.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

728

Emissions calculation methodology

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.

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. The emissions from business travels are decreased from 1,249.92 tCO₂e to 728 tCO₂e in 2019.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

890.5

Emissions calculation methodology

To estimate the emissions from employee commuting, initially the total distance of each route is calculated. Then, the emission factor for appropriate vehicle is taken from Defra/DECC GHG reporting factors.

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

100

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. It was 883.43 tCO₂e last year.

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. Focusing on reducing our Scope 3 emissions arised from upstream leased assets will yield less benefit according to focusing on reducing emissions from our other sources of emissions.

As a result, Scope 3 emissions sourced from upstream leased assets are decided to be excluded from the boundary of our GHG inventory and considered as not relevant.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

35

Emissions calculation methodology

Postage (Courier) emission per delivery is taken from “The Facts of Our Value Chain” report of European Mail Industry Platform.

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

100

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. Emissions of this year is slightly increased compared to emissions of 2018, which was 34.04 tCO2e.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

We are deposit bank and we provide services. There is almost no emissions released due to processing for our sold products, Focusing on reducing our Scope 3 emissions sourced from processing for our sold products will perform less than focusing on reducing emissions from our other sources of emissions.

As a result, Scope 3 emissions sourced from processing for our sold products are decided to be excluded from the boundary of our GHG inventory and considered as not relevant.

Use of sold products

Evaluation status

Not relevant, explanation provided

Please explain

We are providing banking services. There is almost no emissions released due to use of our sold products, Focusing on reducing our Scope 3 emissions arised from use of our sold products will yield less benefit according to focusing on reducing emissions from our other sources of emissions.

As a result, Scope 3 emissions sourced from use of sold products are decided to be excluded from the boundary of our GHG inventory and considered as not relevant.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Vakifbank provides banking services, therefore the end of life treatment of our sold products is not relevant and no relevant emissions. Focusing on reducing our Scope 3 emissions sourced from end of life treatment of our sold products will perform less than focusing on reducing emissions from our other sources of emissions.

As a result, Scope 3 emissions sourced from end of life treatment of our sold products are decided to be excluded from the boundary of our GHG inventory and considered as not relevant.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

We are deposit bank and we have no downstream leased assets. There are no emissions in Scope 3 emissions resulted from the downstream leased assets.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

We are a deposit bank and we have no franchises. There is no emissions in Scope 3 emissions resulted from franchises.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

We have no other upstream GHG emission sources.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

We have no other downstream GHG emission sources.

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

0.000017189

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

48,171

Metric denominator

unit total revenue

Metric denominator: Unit total

2,802,291,000

Scope 2 figure used

Location-based

% change from previous year

352.8

Direction of change

Increased

Reason for change

Our 2018 intensity figure per unit revenue in TRY, for Turkey, was 0.000003796 tons CO₂e/TRY. The intensity figure increased by 352,8%. Due to the Private Purchasing Agreement with a 100% renewable electricity producer ended at 2019, gross global combined Scope 1 and 2 emissions and the intensity figure increased.

Intensity figure

2.8614

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

48,171

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

16,835

Scope 2 figure used

Location-based

% change from previous year

204.24

Direction of change

Increased

Reason for change

In 2018, our intensity figure was 0.9405 tCO₂e/FTE per full time equivalent employee. The Private Purchasing Agreement with a 100% renewable electricity producer ended at 2019. Therefore, our gross global combined Scope 1 and 2 emissions and the intensity figure increased.

C7. Emissions breakdowns

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?

Increased

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	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	31,332	Increased	199	Until 2019, we were purchasing 100% renewable electricity by a Private Purchasing Agreement (PPA). For 2019, we had to change the electricity provider. Please hence that due to confidentiality, we are not declaring the reason of change. Eventhough our use of overall electricity energy decreased by 7% in comparison to last year, our Scope-2 emissions seems highly increased for that reason. On the other hand, due to our environmental consciousness, we decided to offset all of our carbon footprint. Beyond that we bought more carbon credits than our overall emissions including Scope 3 and be a Carbon Positive organisation as a pioneering institution in Turkey.
Other emissions reduction activities	1,826	Decreased	12	<p>We put great importance on mitigating the effects of Climate Change and disseminating the energy & emission efficiency activities throughout Vakıfbank.</p> <p>As of 2019, we have increased the number of ISO 14001 certified locations to 523 and aim to have all our employees work in ISO 14001 EMS certified buildings. thanks to that, our energy & emission efficiency will be improved, and our footprint will be decreased.</p> <p>We will be keeping on training & awareness raising activities on "Sustainability & CC" for our employees to raise the consciousness,</p> <p>In 2019, we provided our employees with 8,263 hrs of online training on environment and 6,260</p>

				<p>hrs of in-class training on sustainability. Also, a total number of 370 employees participated in ISO 14001 trainings and 250 branches were audited through ISO 14001. As of the end of 2019; 861 employees have been certified via trainings of ISO 9001 and ISO 14001. Training agenda is currently scheduled for 2020.</p> <p>We started to share monthly paper consumption data with our branches, & we completed systematic records of all our branches within the scope of Zero Waste. We also aim to provide a training on the Zero Waste Project in 2020. In addition, we carry out studies for our electronic waste within the scope of CSR.</p> <p>Thanks to our efforts on our emission reduction and mitigation activities, we achieved to reduce 1,826 tCO₂e of our GHG emissions via emissions reduction activities.</p> <p>According to our 2019 GHG Inventory; 77% of our Scope 1+2 emissions are released from combustion of natural gas for heating purposes and electricity purchased from the grid. Therefore, these 2 items are the focus of our energy and emission efficiency efforts.</p> <p>Our use of electricity were 75,312 MWh in 2018 and 70,234 MWh in 2019. Despite the growth of Vakıfbank, we achieved to decrease electricity consumption 5,078 MWh, which equals to 2,359 tCO₂e of emissions.</p> <p>Our emissions released from combustion of natural gas were 3,843 tCO₂e in 2018 and 4,376 tCO₂e in 2019. Inline with the growth of Vakıfbank, emissions released due to natural gas consumption increased 533 tCO₂e.</p> <p>In sum, it could be considered that our GHG emissions are decreased by 1,826 tCO₂e via emissions reduction activities.</p>
Divestment	0	No change	0	We assume no divestment is done. Therefore, no change is resulted from that.

Acquisitions	383	Increased	2	<p>No acquisitions took place during reporting process. On the other hand, the number and the locations we serve are subject to change throughout the year, Number of branches are increased in 2019.</p> <p>As a result, total surface area of our branches and HQ buildings are increased from 613,222 m2 to 618,132 m2 from 2018 to 2019. It means an increase of 4,910 m2 in the total surface area served. Emission intensity per square meter of surface area in Vakıfbank for 2019 is 0.07793 tCO₂e/m². Consequently, this increase in surface area leads to an increase of 383 tCO₂e in emissions and it can be considered in acquisitions.</p>
Mergers	0	No change	0	No mergers took place during reporting process. Therefore, no change is resulted from that.
Change in output	0	No change	0	We are working in banking industry, so that we could assume that there is no effect of change in output.
Change in methodology	918	Increased	6	Emission factors of the electricity energy purchased from the grid are updated for all countries of operation. Emission factors in tCO ₂ e/MWh unit for Turkey, Bahrain, Iraq and USA were as follows respectively in 2018; 0.4513, 0.7053, 1.0596, 0.4282 and 0.4645, 0.7046, 1.0563, 0.3999 in 2019. The electricity energy consumption in MWh of countries in the same order are as follows; 69,978 for Turkey, 26 for Bahrain, 33 for Iraq, and 197 for USA in 2019. It subjects to a change of 918 tCO ₂ in resulting from change in methodology.
Change in boundary	0	No change	0	There is no change in the boundary. The boundary of the GHG inventory remained as same according to last year. Therefore, no change is resulted from that.
Change in physical operating conditions	0	No change	0	Vakıfbank serves in over 900 premises throughout Turkey & abroad. Additionally, the number and locations of the buildings we serve are subject to change consistently. Weather conditions, which particularly effects the physical operating conditons are also subject to change by time. Despite all the facts above, as we could not calculate the effect of above mentioned facts, we assumed that there is no change in physical operating conditions and included these facts in unidentified item.
Unidentified	1,593	Increased	10	There is too many factors effecting the change in GHG emissions year on year. Vakıfbank serves in over 900 premises throughout Turkey & abroad. Additionally, the number and locations of the

				buildings we serve are subject to change consistently. Weather conditions, which particularly effects the physical operating conditons are also subject to change by time. Due to the facts above, as we could not calculate the effect of above mentioned facts, we included these emissions resulting from these facts in unidentified item.
Other	0	No change	0	We assumed that there is no other item resulting a change in our Scope 1 and 2 emissions.

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?

Location-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)	HHV (higher heating value)	0	49,440.92	49,440.92
Consumption of purchased or acquired electricity		0	70,234.21	70,234.21
Total energy consumption		0	119,675.13	119,675.13

C9. Additional metrics

C9.1

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

Description

Energy usage

Metric value

7.11

Metric numerator

Energy Use in MWh

Metric denominator (intensity metric only)

Full Time Equivalent Employee (FTE)

% change from previous year

2.87

Direction of change

Decreased

Please explain

Vakıfbank has 16,835 Full Time Equivalent employees in 2019. The total energy use for 2019 is 119,675.13 MWh. Therefore, the relevant intensity, which is energy use per full time equivalent employee, is 7.11 MWh/FTE. The intensity figure is decreased by 2.87% according to last year. It means 2.87% less energy is used for each FTE, which is positive for energy and emission efficiency. It may also be considered as the output of the behavioral change efforts for employees.

Description

Energy usage

Metric value

0.19

Metric numerator

Energy use in MWh

Metric denominator (intensity metric only)

Total surface area of Vakıfbank premises in m2

% change from previous year

3.32

Direction of change

Decreased

Please explain

The total energy use for 2019 is reported as 119,675.13 MWh. The total surface area of Vakıfbank premises, including HQ and branches, is 618,131.57 square meters for 2019. The intensity figure is decreased by 3.32% according to last year, which is positive for energy and emission efficiency.

Description

Energy usage

Metric value

5,993,671

Metric numerator

Assets in Turkish Liras

Metric denominator (intensity metric only)

Electricity Energy used in Turkey in MWh

% change from previous year

36.23

Direction of change

Increased

Please explain

Vakıfbank uses electricity energy of 69,978.07 MWh in Turkey and its asset volume is TL 419,425,553,000. With 1 MWh electricity energy used in Turkey, we generated TL 5,993,671 of assets in Vakıfbank in 2019. We increased it 36.23%, which is positive for energy and emissions efficiency.

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

Reasonable assurance

Attach the statement

 2020-03-06_122817_Vakıfbank_2.pdf

 2020-03-06_122254_Vakıfbank_1.pdf

Page/ section reference

Page 1 at 2020-03-06_122254_Vakıfbank_1.pdf

Page 1 at 2020-03-06_122817_Vakıfbank_2.pdf

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 location-based

Verification or assurance cycle in place

Annual process


Status in the current reporting year


Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

 2020-03-06_122817_Vakıfbank_2.pdf

 2020-03-06_122254_Vakıfbank_1.pdf

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Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

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

Reasonable assurance

Attach the statement

 2020-03-06_122817_Vakıfbank_2.pdf

 2020-03-06_122254_Vakıfbank_1.pdf

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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

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

 2020-03-06_122817_Vakıfbank_2.pdf

 2020-03-06_122254_Vakıfbank_1.pdf

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Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

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

 2020-03-06_122817_Vakıfbank_2.pdf

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Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

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

 2020-03-06_122817_Vakıfbank_2.pdf

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Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Employee commuting

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

 2020-03-06_122817_Vakıfbank_2.pdf

 2020-03-06_122254_Vakıfbank_1.pdf

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Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

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

 2020-03-06_122817_Vakıfbank_2.pdf

 2020-03-06_122254_Vakıfbank_1.pdf

Page/section reference

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Page 1 at 2020-03-06_122817_Vakıfbank_2.pdf

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
C6. Emissions data	Year on year change in emissions (Scope 1)	ISO-14064-3	Scope 1 emissions were verified by the same content last year, therefore year on year change can be assumed to be verified.
C6. Emissions data	Year on year change in emissions (Scope 2)	ISO-14064-3	Scope 2 emissions were verified by the same content last year, therefore year on year change can be assumed to be verified.
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	ISO-14064-3	Scope 1 and Scope 2 emissions were verified by the same content last year, therefore year on year change can be assumed to be verified.
C6. Emissions data	Year on year change in emissions (Scope 3)	ISO-14064-3	Scope 3 emissions were verified by the same content last year, therefore year on year change can be assumed to be verified.

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Hydro

Project identification

VCS Registration Reference N° 535, for the period 01/08/2012 to 31/12/2015, with regard to the relevant requirements for CDM and VCS activities. The Project meets all relevant requirements for VCS and CDM activities and all relevant host Party criteria and correctly applies the baseline and monitoring methodology “ACM0002”, “Consolidated baseline methodology for gridconnected electricity from renewable sources”, version 10 of 28/05/2009.

The project is a hydroelectric power plant with two weirs located in East Black Sea Region. The certificated weir transmits the collected waters to a surge tank through a 6,150 meters long transmission tunnel. The generated electricity is transmitted to the National Electricity System through Arsin Substation, with a 154 kV and 32 km long energy transmission line.

55.000 Verified Carbon Units (VCUs), which is more than Vakıfbank's overall (Scope 1+2+3) emissions released in 2019, is retired for T. Vakıflar Bankası T.A.O. by Verra in Verified Carbon Standards. VCU serial number is 8579-32295003-32350002-VCS-VCU-279-VER-TR-1-535-01012013-31122013-0. As there is no place to attach the certificate in this section, please see the Certificate of Verified Carbon Unit Retirement issued by VERRA at the answer of C-FI under the section C.15 Sign-Off of this report.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

55,000

Number of credits (metric tonnes CO2e): Risk adjusted volume

55,000

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

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.

Objective for implementing an internal carbon price

Stakeholder expectations

Change internal behavior

Drive energy efficiency

Identify and seize low-carbon opportunities

Other, please specify

Being a role model and pioneering institution in Climate Change Management in Turkey

GHG Scope

Scope 1

Scope 2

Scope 3

Application

We put great importance on reducing our carbon footprint, therefore we offset all of our Carbon footprint including Scope 1, Scope 2 and Scope 3. Furthermore, we bought more carbon credits than our overall footprint in 2019 and be the pioneering organization in Turkey as being a carbon positive bank. We also wanted to contribute and support to low carbon economy especially in Turkey. Therefore, we voluntarily bought 55.000 tCO₂e originated from a hydro power plant in Verified Carbon Standards, where our overall GHG inventory in all over the world is 53.412 tCO₂e in 2019.

Actual price(s) used (Currency /metric ton)

2.83

Variance of price(s) used

Actual price was 2.83 TL/tCO₂e, where it is assumed that USD 1 equals to TRY 7.50. For forecasting the financial impacts of climate change risks for the future, 0.50 USD / tCO₂e is used for calculations.

Type of internal carbon price

Offsets

Impact & implication

We wanted to motivate our both internal and external stakeholders by voluntarily offsetting our GHG emissions released in Scope 1+2+3 in 2019. We also wanted to contribute to low carbon economy, and be a role model as a pioneering public institution in Turkey. Therefore, we bought more carbon credits than our overall footprint in 2019 and be the pioneering organization in Turkey as being a carbon positive bank. We believe this will raise the awareness on climate change both internally and externally and lead to change behaviours positively for emission reduction activities.

C12. Engagement

C12.1

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

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

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

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% 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

We carry out our business processes with our suppliers and business partners, who are among our stakeholders and have a significant impact on our business. We evaluate the economic and managerial competencies of our suppliers, expect them to comply with Banking Regulation And Supervision Agency (BRSA) regulations and our policies based on agreements and contracts. We take care to ensure that all companies that will be employed in the procurement of support services provide the quality cost balance best and we pay attention to some criteria in corporate, environmental, and social areas.

Impact of engagement, including measures of success

As the condition of signing a contract with our suppliers, we request documents on energy efficiency and occupational health & safety. Additionally, within the scope of energy efficiency and cost analysis, we score electronic products on the basis of energy efficiency. With the help of this procedure, in electronic products, energy efficiency of product is a measure of success which effects the score of the tenderer and/or product. Consequently, energy efficient products and/or producers are incentivized.

Comment

Thanks to this term in our purchasing agreements, Vakıfbank encourages its supply chain to produce and sell in more energy efficient way.

C12.1b

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

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number

1

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

0

Portfolio coverage (total or outstanding)

Minority of the portfolio

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

Sustainable products and services are among the key components of our sustainability approach. In the environmental and societal context, Vakıfbank makes its largest impact with the products and financing it provides. Within this approach, Vakıfbank is working to develop products that contribute to the environment by minimizing the effects of financing. Providing support for renewable energy, SMEs, women entrepreneur, and agricultural banking are among the areas that are embraced by the bank. In this context, Vakıfbank prioritizes eco-friendly, energy efficiency and renewable energy projects for project financing. With regards to the financed project, the bank asks the project company for documents that should be provided for the environmental standards.

- We do not finance investment projects, apart from weapons production projects that are subsidized or supported by the public.
- In the project loans in which our bank provides co-financing with other banks, we carry out environmental and social impact assessment criteria along with the other banks participated in the syndication.

Therefore, with the best of expertise, competition and collaboration; we encourage the underwriter to reduce its climate change impacts.

Impact of engagement, including measures of success

With the products that facilitate access to funding that supports renewable and energy efficiency projects, we strive to support SMEs that constitute one of the pillars of Turkey's economy. As of 30 September 2019, we have completed our loan disbursements, which we started as part of the SME Energy Efficiency Project provided by the World Bank to three state banks in 2013. Within the scope of the project, we provided funding sources to support the energy efficiency investments of the enterprises. The total amount of the funding was USD 68,307,204 (approx. TL 406 million as of 31 Dec 2019) also, the fund will provide an estimated 745,693 tons of CO2 emission reduction over the lifetime of the investments. In 2017, we extended the first the Performance Guaranteed Transaction Agreements (ESCO) loan within the scope of the project. However, we enriched the PGTC loan portfolio with alternative financing models, leasing, and supplier loans. We also provided consultancy services for the evaluation of the loans to be financed under the project while making the entire resource allocated by the World Bank within the scope of the project. We made 3-day field visits and incentive payments to PGTC projects on energy efficiency in Germany. Additionally, as a successful partner of Turkey Sustainable Energy Financing Program (TurSEFF) originating from European Bank for Reconstruction and Development

(EBRD) in the previous years, we became the first bank to include the municipalities within the scope of the funds since Local Authorities Banking Department began operating. By supporting both energy consultancy and effective projects on energy efficiency, we supported local governments to develop energy efficiency projects, integrating renewable energy into local governments, waste management, generating energy from garbage, lighting, energy efficiency in transportation and water asset management projects. We continue to offer our experience and unique solutions to strongly continue our mission of contributing to the development of our business partners, local governments.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number

1

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

1

Portfolio coverage (total or outstanding)

Minority of the portfolio

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

With the belief that sustainable agriculture is critical to the future of our country, we continue to be the power next to the farmer with our expert staff and products and services tailored to their needs since 2014. In addition to our financing services in 2019; we established VakıfBank Farmers Academy to increase the technical knowledge of our farmers, reduce costs in agricultural production, increase productivity and contribute to sustainability in agriculture.

Impact of engagement, including measures of success

The most important activity we have held under the roof of VakıfBank Farmers Academy is Agricultural Talks. Agricultural Talks involving approximately 2,500 farmers in 19 different provinces and districts are also part of the project carried out together with the French Development Agency (AFD). Considering that the needs of our farmers will change according to their capacity, we have divided the contents of the chats into two according to the focus group.

In the first group of talks organized for largescale farmers; producers were informed under the topic of “Agriculture Digitalization: Opportunities for Turkey Agriculture” about developments in global financial markets and its effects on Turkey’s economy, the effects of developments and to Turkey in world agriculture, the solutions offered by technology in agriculture and digitalization mania, sustainable agricultural production, environmental information, risks and measures that farmers can take.

In the second group of talks organized for small and medium farmers; “Financial Literacy” and “Innovative Technologies in Agriculture” were discussed by Frankfurt School agricultural experts.

Type of engagement

Information collection (understanding customer behavior)

Details of engagement

Collect climate change and carbon information from new customers as part of initial due diligence

% of customers by number

1

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

0

Portfolio coverage (total or outstanding)

Minority of the portfolio

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

We are aware that we have a responsibility for the environmental and social impacts of the projects we finance within the framework of our responsible finance approach, which is 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 effect with the projects we provide financing, and prioritize environmentally friendly projects, energy efficiency and renewable energy projects in financing whereas we do not finance certain sectors within the scope of prohibited sector. We request the documents that the projects need to provide regarding environmental standards before the project

financing, and we lay down the Environmental Impact Assessment (EIA) Reports as a prerequisite in order to determine the environmental impacts of all the projects we finance. In addition to environmental criteria, we expect employees in the projects to comply with various social criteria in terms of employee and human rights, ethical values, non-child labor and non-forced labor. We consider it as our responsibility to monitor the continuity of the positive impact created in the projects we finance.

Impact of engagement, including measures of success

We provide financial support to sustainable energy investments and projects by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2019, we provided finance support of over TL 1.3 billion to 37 renewable energy projects. Our target for 2020 is to systematize Environmental and Social Risk Management in the light of our experience so far. We are working on the establishment of an environmental and social risk management system in the loan allocation processes within the scope of the fund we provide from the French Development Agency (AFD). We aim to complete the establishment of this Environmental and Social Risk Management System by the end of 2020.

C12.1d

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

Vakıfbank is a public bank. Consequently, it is conscious to develop business lines in favor of Turkey to make the whole society (all economic levels from all around Turkey) benefit from them. We strongly believe that Climate Change (CC) is a reality and CC mitigation & adaptation is a necessity. Besides, developing green finance in Turkey are of motivation for our strategies. As one of the biggest organizations of Turkey, we could create a positive impact among our value chain. Our strategy & some examples of engagements with our customers, suppliers, employees are as follows:

We support our stakeholders & clients for their sustainable energy projects & investments, regardless of the size of the investment. According to our credit policy, eco-friendly projects with the principle of sustainability are given priority for financing. With our loan programmes originating from international banks, we provide financial incentives to individuals, SMEs, project owners to support their sustainability projects.

Vakıfbank is among few banks in Turkey which streamline international sustainable energy financing mechanisms to renewable energy & energy efficiency projects. We continue our cooperation with the EIB, WB, EBRD, KfW, AFD to support the real sector with long-term & cost-effective funding sources. We collaborate with AFD on providing sustainable financing.

In this context, one of the important collaborations is the Agriculture & Rural Development Loan protocol signed with AFD in 2017 to support the rural development & agriculture sectors. We have provided a source of EUR 80 million for the use of farmers, agricultural cooperatives, & associations under attractive conditions. The number of our farmer customers granted loans to approximately 1,500 and we work on increasing the capacity of agricultural & rural finance through the technical consultancy component in the program.

Additionally, we have been exchanging ideas for some time with banks with international experience to issue Green Bond &/or Sustainable Bond and planning to issue our first sustainable bond in 2020.

On the other hand, we provide banking services via alternative channels such as internet banking, mobile banking so that decreases the emissions of our customers. Therefore, we call them our 'Low Carbon Products'. We are aware that through all these services in which we provide digitalization, we also reduce our customers' carbon footprint & indirectly contribute to the fight against CC. 94% of the transactions in our bank is carried out through our channels outside the branch in 2019. Also in customer transactions at the branch, provide transition to paper-free environment by taking customer signatures in receipts & contracts through front-box tablet & mobile banking application.

The amount of funds provided in line with our sustainable financing products and the number of projects is our measures of success. We provide financial support to sustainable energy investments & projects by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2019, we provided finance support of over TL 1.3 billion to 37 renewable energy projects.

Turkish Banks Association (TBA) is the sectoral association of banks in Turkey & Vakıfbank's CEO is a board member of the TBA. Besides, Vakıfbank is the vice president of the working group named as "Role of Financial Sector in Sustainable Development". We actively participate & contribute to working group. It is planned to develop a declaration of commitment to adherence to sustainable banking & we fully support these efforts, as we want to integrate sustainability prerequisites into all loan programs.

Our employees are also in our value chain. We put importance on capacity development of our employees about sustainability. Trainings have vital importance for creating behavioral change for emission reduction activities, risk management & product development to mitigate the effects of CC.

In the topic of Raising Employee Awareness, by training our employees on energy efficiency & CC, we aim to raise awareness & to develop environmentally conscious behavior models such as energy savings & waste separation both in & out of the Bank. In 2019, we provided our employees with 8,263 hours of online training on environment & 6,260 hours of in-class training on sustainability.

We started to share monthly paper consumption data with our branches, & we completed systematic records of all our branches within the scope of Zero Waste. We also aim to provide a training on the Zero Waste Project in 2020. In addition, we carry out studies for our electronic waste within the scope of CSR.

We strive to sustain the value we add to all our stakeholders. For this purpose, we pursue our work with a wide stakeholder ecosystem, being aware of the necessity of effective communication with them. We are sure that continuity in our relations with various communication mechanisms will make our dialogue permanent.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support with minor exceptions	Vakıfbank provides feedback and technical advice for improvement of the Building Energy Efficiency Programme Turkey (BEP-TR Programme) implemented by the Ministry of Environment and Urbanization, which is regarding GHG emission performance of buildings. The programme implements a system to have an inventory of the buildings' energy performance in Turkey and develop legislation for the improvement of the performances. Vakıfbank provides technical consultancy in energy related calculations during the Programme.	Vakıfbank suggested extension of the scope of the draft legislation to individual branch offices such as banks, shops, etc, instead of whole buildings only.
Energy efficiency	Support	Republic of Turkey Ministry of Energy and Natural Resources conducts studies in order to ensure energy efficiency in public buildings with a total annual energy consumption of 250 BOE and above or a total construction area of 10,000 m ² and above. The target is to ensure at least 15% energy saving until 2023. In this framework, as a public bank, we participated in meetings organized by the Ministry. Also, we started to take necessary measures in our two buildings in Ankara in order to achieve the target.	As a public bank, we attended the kick-off meeting organized by the Ministry and started to take the necessary measures.
Other, please specify Waste	Support with minor exceptions	We started to share monthly paper consumption data with our branches, and we completed systematic records of all our branches within the scope of Zero Waste Project, which is being carried out by the Ministry of Environment and Urbanization. We also aim to provide a training on the Zero Waste Project in 2020, and to complete certification for all our branches in Turkey. In addition, we carry out studies for our electronic waste within the scope of Corporate Social Responsibility.	Due to our extensive branch network in Turkey, we are in communication with the Provincial Directorate of Environment and Urbanization regarding the application process.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Turkish Banks Association (TBA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Vakıfbank's CEO is a board member of the Turkish Banks Association (TBA) and a board member of Turkish Industrial Development Bank (TSKB). TBA has a Working Group on "Role of Financial Sector in Sustainable Development". The WG aims to integrate environmental concerns into Banks' loan policies in Turkey. Also, Vakıfbank is the vice president of the WG.

How have you influenced, or are you attempting to influence their position?

Vakıfbank's CEO is a board member of the Turkish Banks Association (TBA). Vakıfbank is the vice president of the working group named as "Role of Financial Sector in Sustainable Development". Vakıfbank actively participates and contributes to working group. It is planned to develop a declaration of commitment to adherence to sustainable banking and Vakıfbank fully supports these efforts, as Vakıfbank wants to integrate sustainability prerequisites into all loan programmes.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our governance structure ensures that direct and indirect activities that could influence policy are monitored and tracked by Sustainability Committee of Vakıfbank. The Sustainability Committee reviews and monitors activities to ensure consistency across the bank and in line with our climate policy and environmental sustainability policy on a broader level. In cases where Sustainability Committee finds out activities inconsistent with our climate policy, these are referred to the Board of Directors for consideration.

Vakıfbank's CEO is a board member of the Turkish Banks Association (TBA). Vakıfbank is the vice president of the working group named as "Role of Financial Sector in Sustainable Development". Vakıfbank actively participates and contributes to working group. It is planned to develop a declaration of commitment to adherence to sustainable banking and Vakıfbank fully supports these efforts, as Vakıfbank wants to integrate sustainability prerequisites into all loan programmes.

Additionally, we provide offers to our customers to raise awareness on social and environmental topics. In this context, we gather requests from our customers who get their statements in printed versions in order to convert them to e-statement. We send them e-statements accordingly. In addition, we donated 10,000 saplings for the "VakıfBank Private Banking Memorial Forest," which we created through the cooperation with the TEMA Foundation. We continued to inform our customers regarding the sapling donations we made for our Private Banking customers, which meet certain criteria, to the commemorative forest designated by the General Directorate of Forestry in Gaziantep, in 2019. Thus, we aim to reveal our Bank's sensitivity to combating climate change, reinforce customer loyalty and our brand as "VakıfBank Private Banking."

Furthermore, in 2019, we have completed our Zero Waste system records, which is being carried out by the Ministry of Environment and Urbanization, and we will begin the certification process in 2020. Within the scope of the employee awareness studies, we aim to start the Zero Waste Project trainings in 2020 and have all our employees trained during the year.

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

 14052020-Integrated Annual Report 2019.pdf

Page/Section reference

INTEGRATED ANNUAL REPORT 2019
VakıfBank At A Glance - pg. 10-19
Integrated Thinking in VakıfBank - pg. 20-39
Our Natural Capital - pg. 95-97
Corporate Governance-pg. 99-147
Annex 3: Environmental Performance Indicators- pg. 484

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Other metrics

Comment

We aim to share our results with our stakeholders as much as possible


Publication

In voluntary communications

Status

Complete

Attach the document

 Vakıfbank Environmental Management.pdf

Page/Section reference

Vakıfbank Environmental Management Website -Whole document

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emission targets
- Other metrics

Comment

We aim to share our results with our stakeholders as much as possible.





Publication

In voluntary communications

Status

Complete

Attach the document

-  STAR_20190501_0_202007281533288765.pdf
-  BULTEN_VAKIFBANK_Karbon_Azaltımı_BB.pdf
-  EKO_IQ_20190701_0_202007281531459705.pdf
-  VakıfBank'tan yılın ilk çeyreğinde ekonomiye 316 milyar TL destek.pdf

Page/Section reference

- BULTEN_VAKIFBANK_Karbon_Azaltımı_BB All Pages
- EKO_IQ_20190701_0_202007281531459705 All Pages
- STAR_20190501_0_202007281533288765 All Pages
- VakıfBank'tan yılın ilk çeyreğinde ekonomiye 316 milyar TL destek pg.2

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emission targets
- Other metrics

Comment

We aim to share our results with our stakeholders as much as possible.

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Other, please specify CDP and Turkish Network of Integrated Reporting which is local representative of International Integrated Reporting Council	We have shared the strategy and governance of climate change, risk management and carbon emission amount and our goals in this regard with the international investors and the public within the scope of CDP Climate Change Program in which we have been reporting since 2015. Also, we have CDP 'Supporter' badge within in the scope of enhanced contribution. We also presented our 2019 performance in Annual Integrated Report format, which is developed under International Integrated Reporting Council (IIRC) framework. It also reports the inputs, outputs, and targets of our environmental capital in our value creation model.
Industry initiative	Science-Based Targets Initiative for Financial Institutions (SBTi-FI) Other, please specify United Nations Global Compact	In order to contribute to the fight against climate change which is one of the most important global environmental problems today, in 2019 we became the first Turkish public institution to announce the commitment to reduce carbon emissions by participating in the Science Based Targets initiative. Also, we are among the participants of the UN Global Compact, the world's largest sustainability initiative.
Commitment		We are not signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments other than mentioned above.

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Comment

Bank lending (Bank)	No, but we plan to do so in the next two years	<p>We are aware that we have a responsibility for the environmental and social impacts of the projects we finance within the framework of our responsible finance approach, which is 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. Although, we are willing to enlarge the number of items included into our GHG Inventory, there is insufficient infrastructure and data in Turkey to calculate these emissions. Besides, it needs extensive working hours to do so. Therefore, Scope 3 emissions sourced from our investments are not calculated yet. We are willing to do so in the future.</p> <p>Furthermore, our target for 2020 is to systematize Environmental and Social Risk Management in the light of our experience so far. We are working on the establishment of an environmental and social risk management system in the loan allocation processes within the scope of the fund we provide from the French Development Agency (AFD). We aim to complete the establishment of this Environmental and Social Risk Management System by the end of 2020.</p>
Other products and services, please specify	Not applicable	We do not conduct analysis the impact on the climate of other products and services, since our portfolio mainly consists of the bank lending. Additionally, focusing on other products and services will perform lower than focusing on assessment of our bank lending portfolio. Furthermore, the stakeholder expectations to conduct analysis to understand the Scope 3 portfolio impact within the scope of other products and services is considered as low at the moment in Turkey.

C-FS14.1c

(C-FS14.1c) Why do you not conduct analysis to understand how your portfolio impacts the climate? (Scope 3 Category 15 “Investments” emissions or alternative carbon footprinting and/or exposure metrics)

We are aware that we have a responsibility for the environmental and social impacts of the projects we finance within the framework of our responsible finance approach, which is the basis of our duty to contribute to society and the environment. Although we do not calculate the emissions with regards to Scope 3 Investment category due to insufficient infrastructure and data in Turkey and requirement of extensive working hours to do so, we carry out studies to understand how our portfolio impacts the climate. In this context we evaluate the environmental and social impacts of the projects we finance, through 'Environmental and Social Impact Assessment and Sustainability', which is included as a special title in our Credit Policy Document. In this way, we focus on creating a positive indirect effect with the projects we provide financing, and prioritize environmentally friendly projects, energy efficiency and renewable energy projects in financing whereas we do not finance certain sectors within the scope of prohibited sectors.

We request the documents that the projects need to provide regarding environmental standards before the project financing, and we lay down the Environmental Impact Assessment (EIA) Reports as a prerequisite in order to determine the environmental impacts of all the projects we finance. In addition to environmental criteria, we expect employees in the projects to comply with various social criteria in terms of employee and human rights, ethical values, non-child labor and non-forced labor. We consider it as 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 a responsible banking approach, also facilitates our cooperation with international financial institutions such as the World Bank, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the German Development Bank (KfW). Thus, we can successfully manage the process of meeting the high ethical, environmental, and social criteria, which are among the requirements of many projects that we provide financing through related institutions.

Our target for 2020 is to systematize Environmental and Social Risk Management in the light of our experience so far. We are working on the establishment of an environmental and social risk management system in the loan allocation processes within the scope of the fund we provide from the French Development Agency (AFD). We aim to complete the establishment of this Environmental and Social Risk Management System by the end of 2020.

Being aware of the fact that climate change, which is the most important problem of our age, has effects on both our operations and the financing we provide, we consider the effects of climate change as an important part of our risk assessment process. Playing an active role in the transition to a low carbon economy by effectively managing risks is among our goals. In order to contribute to the fight against climate change, in 2019 we became the first Turkish public institution to announce the commitment to reduce carbon emissions by participating in the Science Based Targets initiative, led by many international pioneering organizations. Thus, apart from adding international standards to our activities, we have shared the strategy and governance of climate change, risk management and carbon emission amount and our goals in this regard with the international investors and the public within the scope of the CDP Climate Change Program in which we have been reporting since 2015.

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	Yes	In order to evaluate the environmental and social impacts of the projects we finance, we include 'Environmental and Social Impact Assessment and Sustainability' as a special title in our Credit Policy Document. In this way, we focus on creating a positive indirect effect with the projects we provide financing, and prioritize environmentally friendly projects, energy efficiency and renewable energy projects in financing whereas we do not include certain sectors within the scope of prohibited sectors. In this context, we provide financial support to sustainable energy investments and projects

		<p>by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2019, we provided finance support of over TL 1.3 billion to 37 renewable energy projects.</p> <p>We request the documents that the projects need to provide regarding environmental standards before the project financing, and we lay down the Environmental Impact Assessment (EIA) Reports as a prerequisite in order to determine the environmental impacts of all the projects we finance. We see it as 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 a responsible banking approach, also facilitates our cooperation with international financial institutions such as the World Bank, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the German Development Bank (KfW). Thus, we can successfully manage the process of meeting the high ethical, environmental and social criteria, which are among the requirements of many projects that we provide financing through related institutions.</p> <p>Our target for 2020 is to systematize Environmental and Social Risk Management in the light of our experience so far. We are working on the establishment of an environmental and social risk management system in the loan allocation processes within the scope of the fund we provide from the French Development Agency (AFD). We aim to complete the establishment of this Environmental and Social Risk Management System by the end of 2020.</p>
Other products and services, please specify	Not applicable	We do not take actions in the field of other products and services, since our portfolio mainly consists of the bank lending. Additionally, focusing on other products and services will perform lower than focusing on assessment of our bank lending portfolio. Furthermore, the stakeholder expectations to take actions in the field of other products and services is considered as too low.

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

	We assess alignment	Please explain
Bank lending (Bank)	Yes, for some	In order to evaluate the environmental and social impacts of the projects we finance, we include 'Environmental and Social Impact Assessment and Sustainability' as a special title in our Credit Policy Document. In this way, we focus on creating a positive indirect effect with the projects we provide financing, and prioritize environmentally friendly projects, energy efficiency and renewable energy projects in financing whereas we do not include certain sectors within the scope of prohibited sectors. In this context, we provide financial support to sustainable energy

	<p>investments and projects by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2019, we provided finance support of over TL 1.3 billion to 37 renewable energy projects.</p> <p>We request the documents that the projects need to provide regarding environmental standards before the project financing, and we lay down the Environmental Impact Assessment (EIA) Reports as a prerequisite in order to determine the environmental impacts of all the projects we finance. We see it as 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 a responsible banking approach, also facilitates our cooperation with international financial institutions such as the World Bank, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the German Development Bank (KfW). Thus, we can successfully manage the process of meeting the high ethical, environmental and social criteria, which are among the requirements of many projects that we provide financing through related institutions. Our target for 2020 is to systematize Environmental and Social Risk Management in the light of our experience so far. We are working on the establishment of an environmental and social risk management system in the loan allocation processes within the scope of the fund we provide from the French Development Agency (AFD). We aim to complete the establishment of this Environmental and Social Risk Management System by the end of 2020.</p>
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C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	Yes, for some	In order to contribute to the fight against climate change which is one of the most important global problems today, we became the first Turkish public institution to announce the commitment to reduce carbon emissions by participating in the Science Based Targets initiative, led by many international pioneering organizations. Thus, apart from adding international standards to our activities, we have shared the strategy and governance of climate change, risk management and carbon emission amount and our goals in this regard with the international investors and the public within the scope of the CDP Climate Change Program in which we have been reporting since 2015. We will continue to provide international standards to our facilities to strengthen our reputation with global investors. Additionally, as a bank, which considers sustainability at the center of our strategic business model, we manage our environmental, social and governance performance in a way that creates value for all our stakeholders. In this context, we provide financial support to sustainable energy investments and projects by giving priority to renewable energy investments under the title of Sustainable Energy Finance. In 2019, we

provided finance support of over TL 1.3 billion to 37 renewable energy projects. We request the documents that the projects need to provide regarding environmental standards before the project financing, and we lay down the Environmental Impact Assessment (EIA) Reports as a prerequisite in order to determine the environmental impacts of all the projects we finance. We see it as our responsibility to monitor the continuity of the positive impact created in the projects we finance. Also, we strive to set an example in order to encourage our stakeholder in particular our clients to take a role for fighting against climate change.

C15. 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.

We thank CDP for its efforts on low-carbon economy.

55.000 Verified Carbon Units (VCUs), which is more than Vakıfbank's overall (Scope 1+2+3) emissions released in 2019, is retired for T. Vakıflar Bankası T.A.O. by Verra in Verified Carbon Standards. VCU serial number is 8579-32295003-32350002-VCS-VCU-279-VER-TR-1-535-01012013-31122013-0. As there is no place to attach the certificate in C11.2a, the Certificate of Verified Carbon Unit Retirement issued by VERRA is attached here, under the answer of C-FI under the section C.15 Sign-Off.

 55000 VCU Retirement Electronic Certificate_Vakiflar Bankasi.pdf

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

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

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms