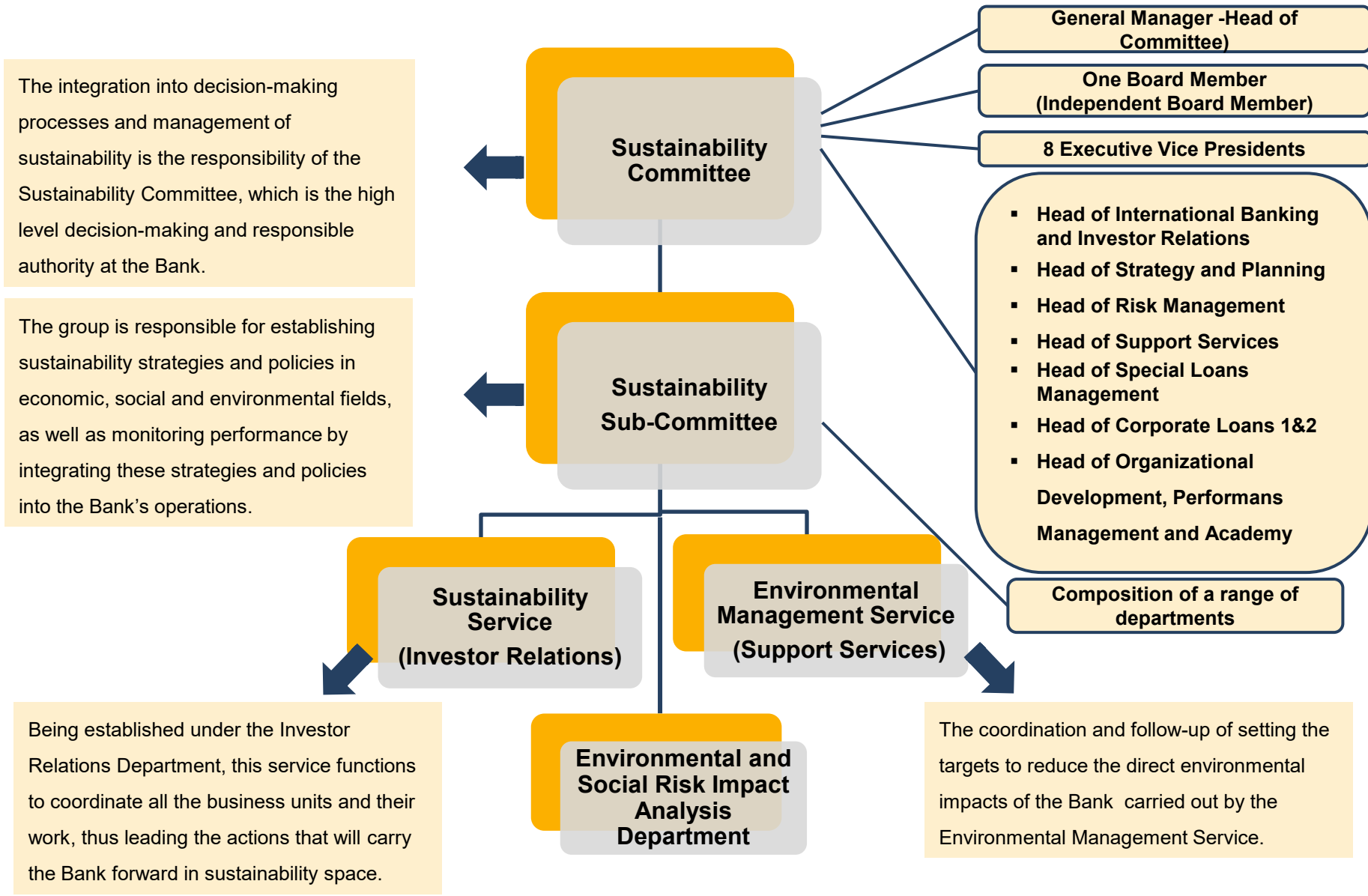




**Sustainable Finance  
Allocation Report  
2023**



# Sustainability Governance Structure



# Sustainable Banking Approach

## Indices



## Initiatives



In support of

**WOMEN'S EMPOWERMENT PRINCIPLES**

Established by UN Women and the UN Global Compact Office



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



## Sustainability Rating



- Climate  A Score in 2023
- 1st assessment in 2015
- Water  A- Score in 2023
- 1st assessment in 2022



Score and Risk Category

**18.4** Low Risk



**S&P Global**

Score: 44 in 2022



ESG OVERALL SCORE



**MSCI ESG RATINGS**



CCC B BB **BBB** A AA AAA

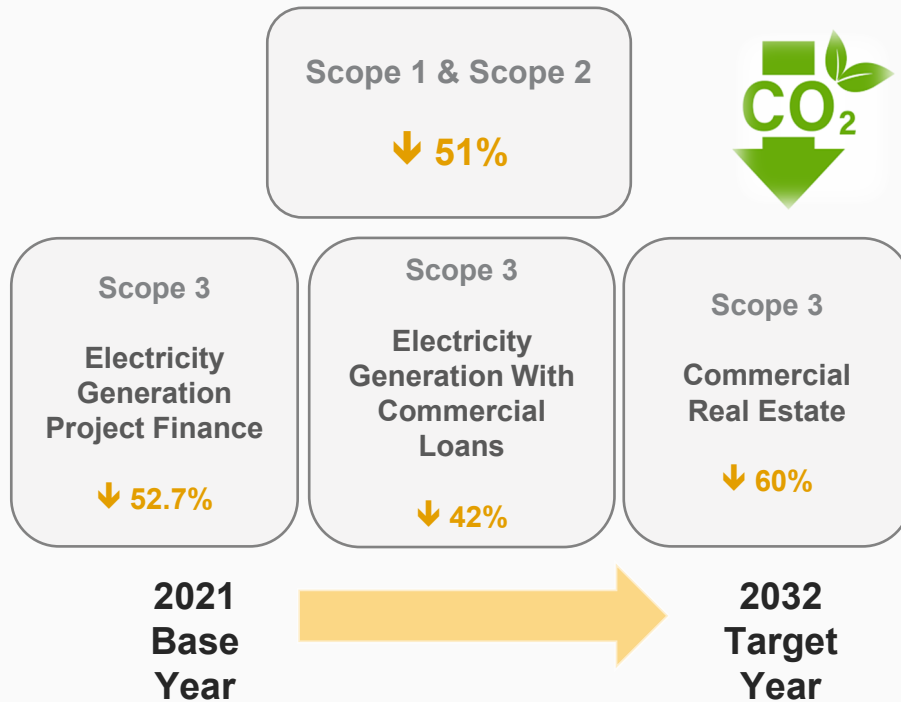
RATING ACTION DATE: October 29, 2020  
LAST REPORT UPDATE: January 17, 2023

## Sustainability Reporting



# Science Based Targets initiative (SBTi)

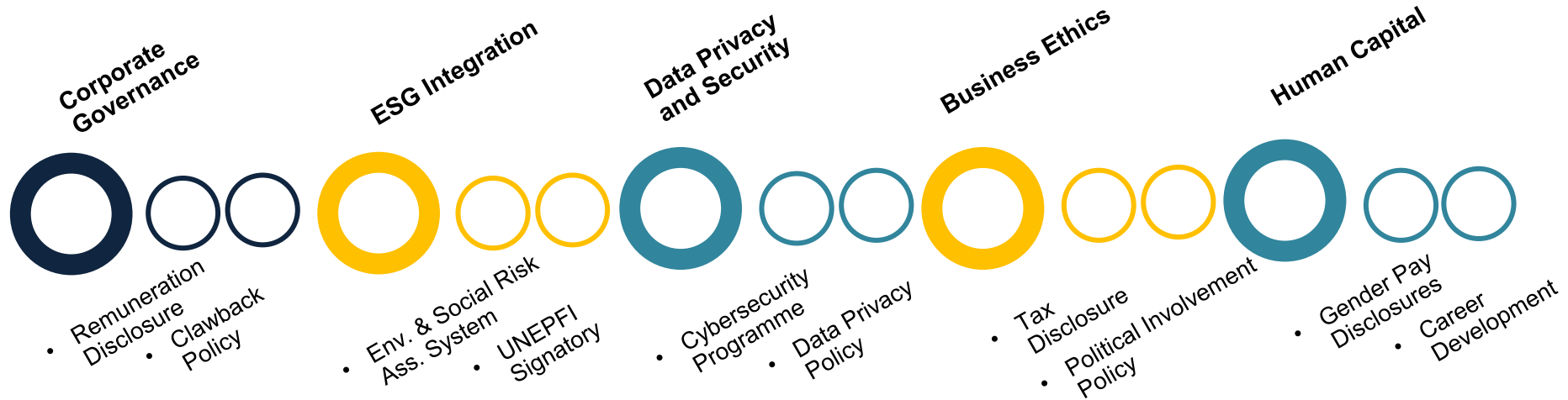
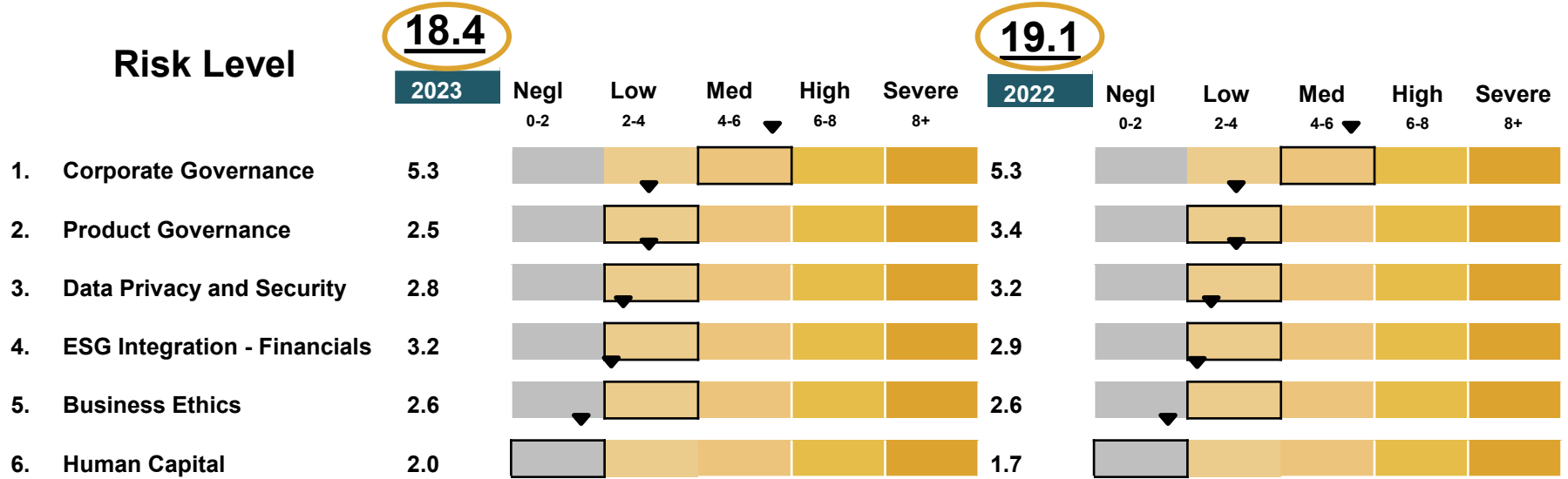
The first Turkish bank to have its targets validated by



- VakıfBank commits to reduce absolute scope 1 and 2 GHG emissions by 51% by 2032 from a 2021 base year
- VakıfBank commits to reduce its real estate portfolio GHG emissions by 60% per square meter within its commercial real estate by 2032 from a 2021 base year
- VakıfBank commits to reduce its electricity generation project finance portfolio GHG emissions by 53% per kWh by 2032 from a 2021 base year
- VakıfBank commits to reduce GHG emissions from the electricity generation within its corporate loan portfolio by 42% per MWh by 2032 year from a 2021 base year
- VakıfBank commits that 32% of its other long-term debt portfolio by invested value within the all sectors will have set science-based targets by 2027



# ESG Risk Rating Performance



Country specific unmanageable risks

Improvement Areas

Better Performance

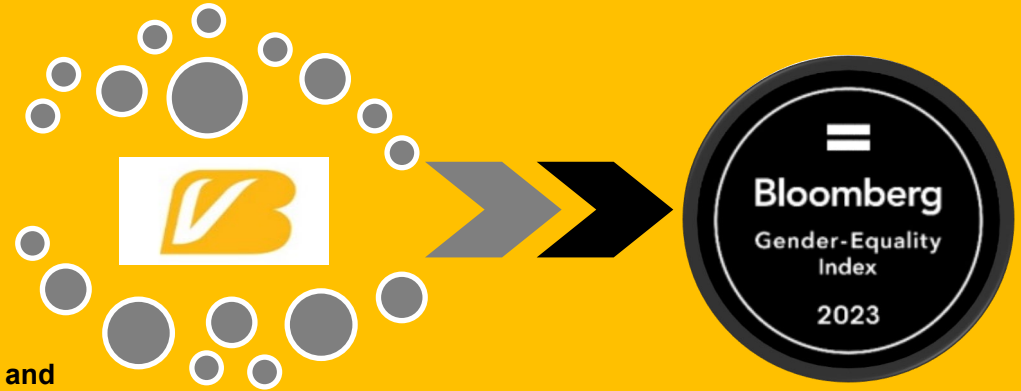
Improvement Areas

Better Performance

Gender Equality – Maintaining the position in the Bloomberg Gender Equality Index (GEI)

**Since 2020, VakıfBank has been in Bloomberg GEI with an improved score to 72.7% in 2023 from 71.5% in 2022.**

VakıfBank continued to be among 484 companies for the Bloomberg Gender-Equality Index which evaluated approximately 11,700 companies across 45 countries in 2022.



**VakıfBank has many practices and initiatives for the social and economic empowerment of women**

**51%**

Ratio Of Female Employee

**> 1600 Projects**

Financing support under the Women Entrepreneur Support Package within the scope of the EBRD's TurWIB program

**36 Years**

Non-stop support for VakıfBank Woman Volleyball team which is the one of the most successful sports team in the world

**Corporate Social Responsibility Award**

VakıfBank won the 'Platinum Award' in the category of Gender Equality at the 12th Corporate Social Responsibility Summit Sustainable Development Goals Institutional Awards with the slogan of "VakıfBank Sports Club - Success Has No Gender"

**Recent Developments**

In April 2022, VakıfBank published its Gender Equality Policy. In September 2022, the Bank was awarded with Gender Equality Program Certificate as a proof of successful implementation of gender equality practices.



# International ESG Management Systems Certificates

VakıfBank became the first bank in Turkey to receive ISO Integrated Management System Certificate (ISO 9001-ISO 14001-ISO 45001) in 2020.

We obtained ISO 50001 Energy Management Certificate in 2023.

## ISO 9001 QUALITY MANAGEMENT SYSTEM CERTIFICATE

VakıfBank made its operations and processes compatible with the ISO 9001 Quality Management System, including assessment of the Head Office departments and all branches, in order to ensure the customer satisfaction.

## ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATE

VakıfBank have received ISO 14001 Environmental Management System Certification, documenting that the direct impact of its activities on the environment has been minimized according to internationally accepted and reputable standards.

## ISO 45001 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATE

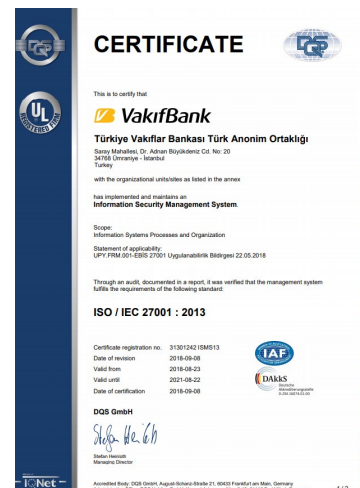
VakıfBank takes all kinds of measures in accordance with the applicable occupational health and safety legal requirements in order to ensure the health and safety of the employees, customers, suppliers, companies that the Bank cooperates with and visitors.

## ISO 27001 INFORMATION SECURITY MANAGEMENT SYSTEM CERTIFICATE

Products and services enriched by digital transformation bring about risks related to data protection and provision of information security. To ensure more effective management of our digital security, VakıfBank has received ISO 27001.

## ISO 50001 ENERGY MANAGEMENT SYSTEM CERTIFICATE

VakıfBank have received ISO50001 Energy Management System Certification, ISO 50001 Energy Management System are among the system standards followed for the management of sustainability issues.



## VakıfBank's Sustainable Bond Issuances - Terms & Conditions

### US\$ 750 Million

ISIN	XS2266963003 US90015WAK99
Format	RegS/144A Bond under GMTN Programme
Issuance Date	8 December 2020
Maturity Date	8 January 2026
Coupon	6.50% Fixed
Rating	B+ (Fitch) B2 (Moody's)
Listing	Euronext Dublin
Use of Proceeds	to finance and refinance certain eligible Green Projects and/or Social Projects

### US\$ 500 million

ISIN	XS2386558113 US90015WAL72
Format	RegS/144A Bond under GMTN Programme
Issuance Date	16 September 2021
Maturity Date	1 October 2026
Coupon	5.50% Fixed
Rating	B+ (Fitch)
Listing	Euronext Dublin
Use of Proceeds	to finance and refinance certain eligible Green Projects and/or Social Projects

### US\$750 million

ISIN	XS2677517497 US90015WAM55
Format	RegS/144A Bond under GMTN Programme
Issuance Date	12 September 2023
Maturity Date	12 October 2028
Coupon	9.00% Fixed
Rating	B- (Fitch)
Listing	Euronext Dublin
Use of Proceeds	to finance and refinance certain eligible Green Projects and/or Social Projects



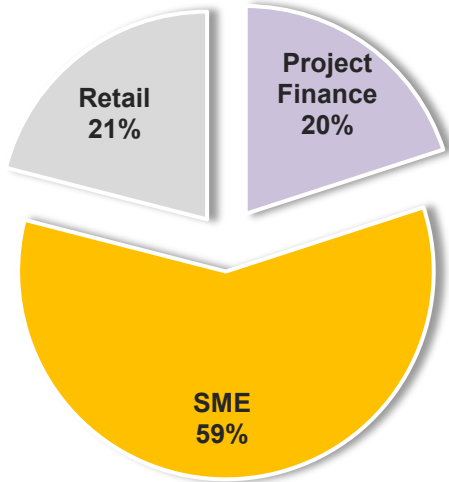
## Eligible Sustainable Assets

Eligible Sustainable Loan Portfolio			
Project Type	Installed Capacity (MwH)	Total Amount (US\$)	Number of Loans
<b>Green</b>	<b>3078</b>	<b>1,156,973,493</b>	<b>10912</b>
Hydroelectric	100	79,500,568	13
Solar	2437	542,606,943	144
Wind	541	353,523,505	13
Green Mortgage	-	180,890,334	10248
Clean Transportation	-	452,143	494
<b>Social</b>		<b>3,606,706,741</b>	<b>178,707</b>
Essential Service	-	578,992,117	6,154
MSMEs	-	2,696,566,487	104,289
Affordable Housing	-	228,491,013	3,224
Food Security and Sustainable Food Systems	-	78,156,787	1,905
<b>Total</b>	<b>3078</b>	<b>4,739,179,897</b>	<b>126,484</b>
<b>% allocated to Sustainable Bond Issuances</b>		<b>42%</b>	

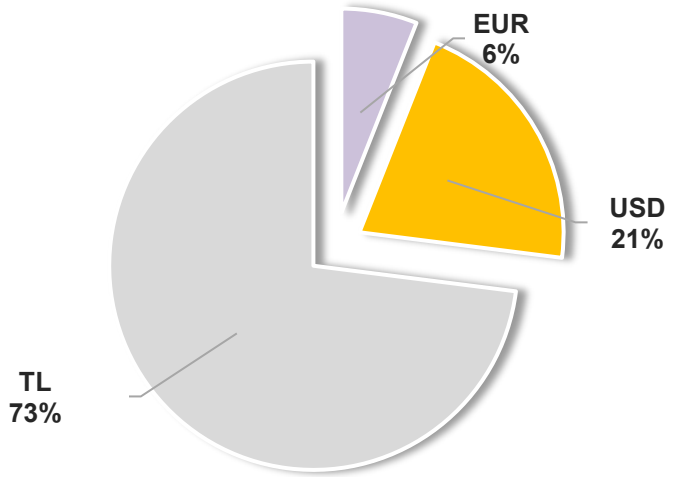
- GDP Criteria applied to SME Loans. SMEs that operate in the manufacturing and service industry and are located in cities with a GDP per capita below the national average were considered as eligible.
- SMEs are defined following the Small and Medium Industry Development Organization as companies with fewer than 250 employees and turnover or total assets below TL 250 million. Details for each categorization (micro/small/medium-sized enterprises) can be found at: <https://en.kosgeb.gov.tr/site/tr/genel/detay/5667/definitions-and-regulations>
- Included all loans compliant with VakifBank's eligibility criteria as outlined in the Bank's Sustainable Finance Framework and 3 years look-back period.

# Breakdown of Eligible Sustainable Assets

Banking Segment

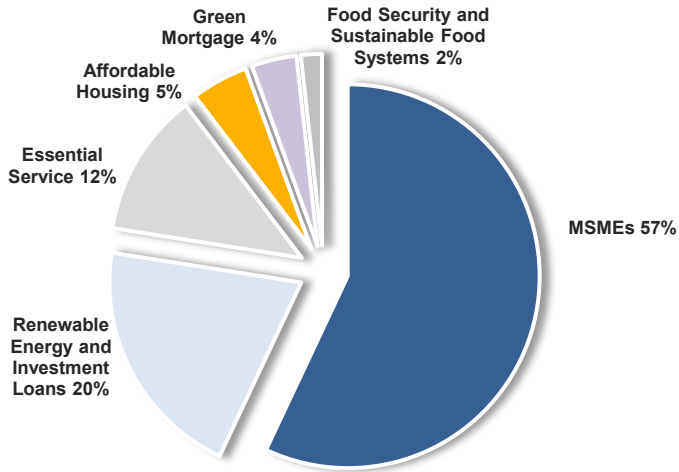


Currency

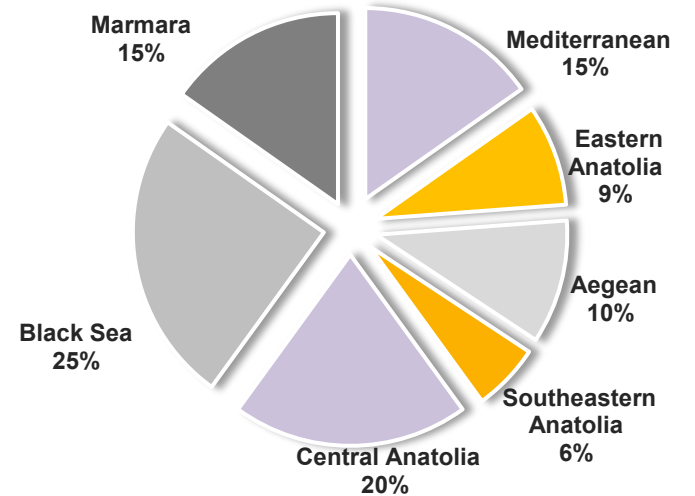


**~USD 4.8 billion**  
Total Eligible Assets

Project Type



Geographical Distribution



**~25% Green Loans & ~75% Social Loans**

## Examples of Eligible Sustainable Projects

### Wind Power Project



- Bilecik Bozüyük Province
- Project consists of 2 wind tribunes with a total installed capacity of 11,12 MW
- The power plant has 29.223 GWh capacity for of electricity generation yearly
- The investment cost of the Project is TL 223 Millon
- VakıfBank provided USD 11 million financing for the Project

## Examples of Eligible Sustainable Projects

### Solar Power Plant



- Konya Karapınar Province
- Solar power plant has been producing electric since 2023
- Solar power plant has 1000 MWE capacity
- The power plant has 2397 GWh capacity for of electricity generation yearly
- VakifBank provided USD 150 million financing for the Project





FTSE4Good



A member of BIST  
Sustainability Index

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 **Sustainable  
Banking**

For Earnings  
Presentations:







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### *Independent Limited Assurance Report*

**To the Board of Directors of Türkiye Vakıflar Bankası T.A.O**

We were engaged by Türkiye Vakıflar Bankası T.A.O (hereinafter also "VakıfBank" or "Bank") to provide limited assurance for the purpose of reporting on the 'Selected Information' (as defined below) in the Bank's Sustainable Finance Allocation Report (hereinafter 'the Report') that has been prepared by the Bank as at 31 December 2023.

**Subject Matter Information and Applicable Criteria**

We were engaged by the Bank to provide limited assurance regarding:

That the proceeds from the Green and Social projects in the Bank's portfolio as at 31 December 2023 and for the issuance of bonds on 8 December 2020, 16 September 2021 and 12 September 2023 (the 'Sustainable Bonds'), both as shown at page 8, were used to provide financing for eligible projects which met the criteria as indicated in the VakıfBank Sustainable Finance Framework included on pages from 17 to 21.

The scope of our assurance is limited to the Indicators listed in the Selected Information shown below, which has been prepared based on the Bank's internally developed criteria, as listed on page 13 of its Sustainable Finance Framework.

### **Selected Information**

Allocation Reporting of Green and Social Loans per amount and Sustainable Bonds per total that shows the categories the Loan projects have been allocated to as well as the total investment of the Sustainable Bonds (page 9 and page 10 of the Sustainable Finance Allocation Report).





### ***Management's responsibilities***

Management is responsible for the preparation and presentation of the Report in accordance with the criteria as indicated in the VakıfBank Sustainable Finance Framework and the information and assertions contained within it; for determining the Bank's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Bank complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

### ***Our responsibilities***

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

The firm International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.



### *Procedures performed*

A limited assurance engagement on the Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

1. Assessed policies and procedures established by the Bank for determining the eligibility of Green and Social Loan projects in the Bank's portfolio and of the Sustainable Bonds for Sustainable Financing based on the requirements of the Bank's Sustainable Finance Framework.
2. That the proceeds from the Green and Social Loan projects in the Bank's portfolio as at 31 December 2023 and for the issuance of a bonds on 8 December 2020, 16 September 2021 and 12 September 2023 (the 'Sustainable Bonds'), both as shown in Table on page 9 and page 10, were used to provide financing for eligible projects which met the criteria as indicated in the VakıfBank Sustainable Finance Framework<sup>1</sup>.
3. Evaluated the eligibility of nominated projects for inclusion in the Bank's Green and Social Loan Portfolio as shown in Table on page 9 and page 10 based on the eligibility requirements for Sustainable Financing identified in the VakıfBank Sustainable Finance Framework.
4. Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information pertaining to the reporting period;
5. Undertook substantive testing, on a sample basis, of the allocation of proceeds for projects financed through the Green and Social Loan Projects and the Sustainable Bonds.
6. Used the Bank's Internal documentation to evaluate and measure the Selected Information;
7. Evaluated the design and Implementation of key processes and controls over the Selected Information;
8. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.
9. Evaluated the disclosure and presentation of Selected Information in the Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.



### *Inherent limitations*

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

### *Conclusion*

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the projects included in the Eligible Sustainable Loan Portfolio as reported on page 9 and page 10 as at 31 December 2023, are not prepared in all material respects in accordance with the Bank's eligibility criteria as explained in the VakıfBank Sustainable Finance Framework<sup>1</sup> included on pages from 17 to 21.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for VakıfBank in connection with reporting to VakıfBank and for no other purpose or in any other context.

### *Restriction of use of our report*

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than VakıfBank, for any purpose or in any other context. Any party other than VakıfBank who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than VakıfBank for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal, SMMM  
Partner

İstanbul  
16 April 2024