

ANNEX 5: REPORTING GUIDELINES FOR INTEGRATED ANNUAL REPORT 2021

This reporting guidance (“Guidance”) provides information on the data preparation and reporting methodologies of indicators within the scope of the independent audit in the 2021 VakıfBank (“Bank”) Integrated Annual Report. These indicators include operational indicators (total loans amount extended to SMEs, number of renewable energy projects financed and the amount of financing provided, increase in the number of digital banking customers), social indicators (ratio of female employees, ratio of female employees that returned to work after parental leave, filling rate of top positions with in-Bank promotion, number of disabled employees, employee turnover rate, average training hours per employee, number of employees in managing bodies (Manager and Higher Level), average training hours per employee, total training hours, ratio of online trainings in total trainings, occupational disease rate, lost days rate in all facilities, absenteeism rate), environmental indicators (amount of recycled waste, amount of paper consumption, total carbon emissions, total carbon emission density). It is the responsibility of the Bank’s management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the Guidance.

The data included in this guideline is for the FY 21 (1 January – 31 December 2021), the fiscal year ended December 31, 2021, and as detailed in the “Key Definitions and Reporting Scope” section comprises only the relevant operations in the Turkey and in the World that are the responsibility of the Bank by excluding information about group companies, affiliates and subcontractors.

General Reporting Principles

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting – to highlight the primary principles of comparability/consistency with other data including a prior year and understandability/transparency providing clarity to users.

Key Definitions and Reporting Scope

For the purpose of this report, the Bank defines:

Type	Indicator	Scope
Financial and Operational Indicators	Total Loans Amount Extended to SMEs	This indicator means the remaining principal amount of the Bank’s commercial loans extended to SMEs during the reporting period. It is calculated by the Bank’s Credit Reporting Department.
	Number of Renewable Energy Projects Financed by the Bank and the Amount of Financing Provided	This indicator means the number of renewable energy projects financed by the Bank and the amount of financing provided to these projects within the scope of Sustainable Energy Financing during the reporting period. In this context, Hydroelectric Power Plant (HPP), Geo-thermal Power Plant (GPP), Biomass Power Plant (BPP), Biogas Energy Plant, Solar Energy Plant (SEP) and Wind Power Plant (WPP) renewable energy projects are assessed.
	Increase in the Number of Digital Banking Customers	This indicator means the increase in the number of customers using digital banking in the reporting period compared to the previous year. Digital banking includes internet and mobile banking channels. The number of digital banking customers is calculated by the Bank as the sum of customers using only internet banking, only mobile banking, and both mobile and internet banking.

Type	Indicator	Scope
Social indicators	Ratio of Female Employees	This indicator only means the gender distribution of employees of the Bank (excluding subsidiaries and group companies) during the reporting period.
	Number of Employees in Managing Bodies (Manager and Higher Level)	This indicator means only the distribution of employees of the Bank (except subsidiaries and group companies) in managing bodies (manager and higher level) by age groups and gender. The employees in managing bodies include General Manager, Executive Vice President, Chief Legal Advisor, Head, Assistant Head, Regional Manager, Coordinator, Assistant Chief Legal Advisor, New York Branch General Manager, Manager, New York Branch Manager, Legal Advisor.
	Ratio of Female Employees that Returned to Work After Parental Leave	It indicates the ratio of female employees who took maternity leave but did not leave the Bank during the reporting period among all female Bank employees who took maternity leave during the reporting period.
	Filling Rate of Top Positions with Internal Promotion	This indicator means the rate of filling a opened position with the current Bank employee instead of the external recruitment during the re-orting period. The scope of "top positions" is as described for "Managing Bodies" above. Employees who have been promoted to top positions for the first time are accounted for in this indicator.
	Employee Turnover Rate	This indicator means mean the ratio of those leaving the job by the resignation and termination of employment to the average number of employees. Employee turnover rate is calculated according to the following formula: Total Number of Employees Leaving from Work (Resignation and Termination of Employment) / Average Number of Employees * 100; Average Number of Employees = (Number of Employees per Semester + End of Semester Employees) / 2
	Average Year of Seniority	This indicator means the average working time of the Bank's staff (excluding subsidiaries and group companies) on the basis of male and female employees during the reporting period.
	Number of Disabled Employees	This indicator means only the number of employees of the Bank (excluding subsidiaries and group companies) with disabilities during the reporting period.
	Average Training Hours per Employee	This indicator only means the ratio of the total hours of in-class and e-learning training provided to employees to the total number of employees during the reporting period.
	Total Training Hours	This indicator only means the total hours of in-class and e-learning training provided to employees during the reporting period.
	Share of digital trainings in total hours of trainings	This indicator means the ratio of the online training hours provided to the Bank employees to the total training hours during the reporting period.
Occupational Health and Safety	This indicator includes number of accidents, number of fatalities, number of occupational diseases, injury rate (IR), occupational disease rate (ODR), lost day rate and absenteeism rate of employees during the reporting period.	

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Type	Indicator	Scope
Environmental Indicators	Energy Consumption (Gj)	This indicator only means the amount of energy directly and indirectly consumed during the Bank's operations (Headquarters, Regional Directorates, Branches, Storehouses, ATMs (offsite)) at every location where the Bank performs its operations.
	Electricity consumption (Gj)	This indicator means the total purchased electricity consumption used for air conditioning, lighting, electrical equipment use and other business operations that require electricity at the all relevant locations of the Bank during the reporting period.
	Natural gas consumption (Gj)	This indicator means the total purchased natural gas (volume- m ³) consumption used for heating, cooking and other business operations that require natural gas at all relevant locations of the Bank during the reporting period.
	Lignite (Gj)	This indicator means the total purchased lignite (by weight-kg) consumption used for heating at the all relevant locations of the Bank during the reporting period.
	Diesel (Gj)	This indicator means the total purchased diesel (volume - l) consumption used for heating, generators, and company-owned cars at all relevant locations of the Bank during the reporting period.
	Heating Oil (Gj)	This indicator means the total heating oil (Fuel-oil No:4) (volume - l) consumption used for heating at the all relevant locations of the Bank during the reporting period.
	Gasoline (Gj)	This indicator means the total purchased gasoline (volume - l) consumption used for company-owned cars at the all relevant locations of the Bank during the reporting period.
	Other Environmental Performance Data	
	Water consumption (megaliter)	This indicator means the total municipal water and dispenser size bottled water consumption (volume-megaliter) during the reporting period.
	Paper Consumption (ton)	This indicator means the total paper consumption (by weight - ton) used in printers and the amount of paper purchased (by weight-ton) at the locations where the Bank operated during the reporting period.
Recycled waste (ton)	This indicator means the weight of recycled waste (by weight - ton) during the reporting period.	
	Carbon Emissions (ton CO₂-e)	
Scope 1 (ton CO ₂ e)	This indicator means the emission of greenhouse gases due to the use of natural gas, lignite, diesel, heating fuel, gasoline consumption, and refrigerant and fire extinguishers at all relevant locations of the Bank during the reporting period.	
Scope 2 (ton CO ₂ e)	This indicator means the emission of greenhouse gases due to the use of purchased electricity at all relevant locations of the Bank during the reporting period.	
Scope 3 (ton CO ₂ e)	This indicator means the emission of greenhouse gases due to the use of employee commuting - shuttle, air travels for business trips, drinking and tap water, waste oil, disposal of solid wastes, and purchased paper amount during the reporting period.	
Total Carbon Emission Intensity (kg CO ₂ e/m ²)	This indicator means the ratio of Scope 1 and 2 emissions per unit closed surface area (m ²) in all relevant locations of the Bank during the reporting period.	

Definitions related to greenhouse gas measurements calculated in accordance with ISO 14064-1:2018 version:

Category 1- Direct greenhouse gas emissions and their elimination	This indicator means the emission of greenhouse gases due to the use of natural gas, lignite, diesel, heating fuel, gasoline consumption, and refrigerant and fire extinguishers at all relevant locations of the Bank during the reporting period.
Category 2 - Indirect greenhouse gas emissions from imported energy; Purchased Electricity	This indicator means the emission of greenhouse gases due to the use of purchased electricity at all relevant locations of the Bank during the reporting period.
Category 3 - Indirect greenhouse gas emissions arising from transportation	This indicator means the greenhouse gas emissions caused by the transportation of to work, business trips, and cargo shipments of Bank employees during the reporting period.
Category 4 - Indirect greenhouse gas emissions from products used by the organization	This indicator means the greenhouse gas emissions caused by the use of tap water at the relevant locations of the Bank, waste oil, disposal of solid wastes, and the amount of purchased paper during the reporting period.
Category 5-Indirect greenhouse gas emissions associated with the use of products coming from the organization	Receiving loan for investment purposes
Category 6 -Greenhouse gas emissions coming from other sources	This indicator means the amount of greenhouse gas emissions caused by the use of tap water.

4. Data Preparation**Social indicators****Occupational Health and Safety (OHS) Indicators**

The following formulas are used to calculate OHS data. The average number of employees during the reporting period is taken into account when calculating the total annual working hours

Injury Rate (IR) = [(Number of accidents) / (Total Annual Working Hours)] x 200,000

Occupational disease rate (ODR) = [(Number of occupational diseases) / (Total Annual Working Hours)] x 200,000

Lost day rate = [(Total Absenteeism Day caused by Accident) / (Total Annual Working Days)] x 100

Absenteeism rate = [(Total Absenteeism*) / (Total Annual Working Hours)] x 100

* Annual paid leave, unpaid leave, hourly leaves and maternity reports are excluded.

Environmental Indicators**Energy Consumption**

Energy consumption data are reported for electricity and primary fuel sources, which comprise natural gas, lignite, heating oil, diesel and gasoline.

Electricity and natural gas consumption data are obtained from supplier meters and service provider in-voices. Diesel consumption for the use of heating, generators, company-owned cars, and employee commuting data are obtained from service provider invoices. Lignite and heating oil consumption for the use of heating data are obtained from service provider invoices. Gasoline consumption for the use of company owned cars data are obtained from service provider invoices.

The Bank has used the following published conversion factors:

- For electricity, since the electricity supply unit is billed in kWh, 1 kWh=0.0036 GJ is used as GJ conversion factor;
- For natural gas, for the consumptions invoiced with the m³ supply unit, [1m³ x joule/ton (34,541,100) x (heating value) 1.033042] x 1000 is used; for the consumptions invoiced with the m³ supply unit, firstly the consumption was converted to m³ by using the conversion "k" factor 10.84 and then the conversions mentioned above are used;
- For diesel, since the diesel supply unit is billed in lt, [1kg x (0.83) x 1.000 x joule/ton (42,697,200)] is used as GJ conversion factor.

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- For gasoline, since the gasoline supply unit is billed in lt, [1 x kg (0.735) x 1000 x joule/ton (43,534,400)] is used as the GJ conversion factor.
- For heating oil, since the fuel oil supply unit is billed in lt, [1lxkg (0.9) x1000x joule/ton (40,185,600)] is used as GJ conversion factor.
- For lignite, since the lignite supply unit is billed in lt, [1kg x 1,000 x 12,558,000 joule/ton (12,558,000)] is used as GJ conversion factor.
- In the translation of natural gas consumption in kWh to m³, the average İGDAŞ "k" factor of 2021 is used, while the average İGDAŞ value of 2021 is used for the heating value.
- For density and conversion coefficient values "ANNEX 2 Lower Heating Values and Factors of Conversion to Petroleum Equivalents of the "Regulation on Increasing Efficiency in the Use of Energy Sources and Energy" published in the Official Gazette No. 28097 dated October 27, 2011 and IPCC Net table and calorific values table are used.

Carbon Emissions

Scope 1, scope 2 and scope 3 carbon emissions are calculated in accordance with ISO 14064-3 and with the operational control principle within the framework of the "GHG Protocol Corporate Accounting and Reporting Standard."

The Bank reports its 2021 consumption in the following four periods.

- 2021 Q1: 01.01.2021 – 31.03.2021
- 2021 Q2: 01.04.2021 – 31.06.2021
- 2021 Q3: 01.07.2021 – 31.09.2021
- 2021 Q4: 01.10.2021 – 31.12.2021

CO₂ equivalent factors for emissions CO₂, CH₄, N₂O, and HFCs (refrigerant gas) were used in calculations. The emission factors used are detailed in the table below. Global Warming Potential (GWP) coefficients were taken from Intergovernmental Panel on Climate Change (IPCC) 5th Assessment Report and DEFRA Greenhouse Gas reporting: It was taken from the Evaluation Report and the resultant ton CO₂-e value was calculated by multiplying with the appropriate coefficients. Grid emission factor has been calculated by using the relevant annual data provided by Turkish Electricity Transmission Company (TEİAŞ).

Emission Factors – Scope 1 (kg/TJ)	CO ₂	CH ₄	N ₂ O	Total CO ₂ -e ton
Diesel (fixed)	74,100	3	0.6	74,343
Diesel (mobile)	74,100	3.9	3.9	75,242.7
Gasoline (fixed)	69,300	3	0.6	69,543
Gasoline (mobile)	69,300	3.8	5.7	70,916.9
Natural Gas	56,100	1	0.1	56,154.5
Heating fuel oil	77,400	3	0.6	77,643
Lignite	101,000	1	1.5	101,425.5
Refrigerants - R22	1,760			1,760
Refrigerants - R32	677			677
Refrigerants - R134A	1,300			1,300
Refrigerants - R407A	2,107			2,107
Refrigerants - R407C	1,774			1,774
Refrigerants - R410A	2,088			2,088

Emission Factors - Scope 2 (kg/kWh)	kgCO₂-e/kWh
Electricity (renewables)	0.0000
Turkey Electrical energy (grid)	0.4661
Bahrain Electrical energy (grid)	0.6905
Iraq Electrical energy (grid)	1.0441
US Electrical energy (grid)	0.3818
Qatar Electrical energy (grid)	0.4769

Emission Factors - Scope 3	Unit
Employee services	Q1,Q2: 0.28453 Q3: 0.26259 Q4: 0.26529 kgCO ₂ -e/km
Short distance flights for business purposes	0.000208 tCO ₂ -e/mil x passenger
Medium distance flights for business purposes.	0.000132 tCO ₂ -e/mil x passenger
Long distance flights for business purposes	0.000162 tCO ₂ -e/mil x passenger
Paper use	Q1, Q2: 939 Q3, Q4: 914 kgCO ₂ -e/t
Tap water	Q1, Q2: 1.052 Q3, Q4: 0.421 tCO ₂ -e/m ³
Drinking water	Q1, Q2, Q3: 0.717 Q4: 0.33525 tCO ₂ -e/l
Waste oil	Q1, Q2: 0.021 Q4: 0.021294 tCO ₂ -e/l
Paper disposal	Q1, Q2: 0.021 Q4: 0.021294 tCO ₂ -e/t
Sending mail	30 grCO ₂ -e/number

SCOPE NAME	Activity Data	Emission tCO₂e
Indirect greenhouse gas emissions associated with the use of products coming from the organization	Extending a New Loan for Investment Purposes	392,727.27*

* Within the scope of Category C specified in Article 17 of the Fourth Part of the Communiqué on Monitoring and Reporting of Greenhouse Gas Emissions of the Ministry of Environment, Urbanization, and Climate Change, it is stated that the annual emission amount of 1 facility in the iron and steel sector is between 500,000 tCO₂e and 2,500,000 tCO₂e. In this context, the emission amount (A), which is the average of 1 facility, was used.

* Only new investment projects are included in the calculation.

Category C average annual emission per facility	1,500,000 (A)	tCO ₂ e
Category C average annual emission of 3 facilities	4,500,000 (A*3) = (C)	tCO ₂ e
The emission amount according to the credit utilization rate 2021 (3 FACILITIES)	392,727.27 (C* B) = (D)	tCO ₂ e

5. Restatement

The measuring and reporting of sustainability-related data inevitably involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5% at the Bank level.