

Annex 5: Reporting Guidelines for Integrated Annual Report 2022

This reporting guidance (“Guidance”) provides information on the data preparation and reporting methodologies of indicators within the scope of the independent audit in the 2022 VakıfBank (“Bank”) Integrated Annual Report. These indicators include **financial and 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, number of female employees in management, ratio of female employees that returned to work after maternity leave, number of employees taking maternity leave, number of employees that returned to work after maternity leave, number of employees that returned to work after maternity leave and still continue to work, average seniority year in gender breakdown, filling rate of top positions with in-Bank promotion, employee turnover rate, number of disabled employees, total training hours, average training hours per employee, ratio of online trainings in total trainings, occupational health and safety), **environmental indicators** (energy consumption, other environmental indicators, carbon emissions, energy consumption per employee (GJ/Employee)). 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 22 (1 January – 31 December 2022), fiscal year ended December 31, 2022, and as detailed in the “Key Definitions and Reporting Scope” section comprises only the relevant operations in Türkiye 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 the 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. |
| | Number of Digital Banking Customers | This indicates the number of customers using digital banking in the reporting period compared to the previous year. Digital banking includes internet and mobile banking channels. Digital Banking definitions have been made, it refers to the number of customers defined to Digital. |

| Type | Indicator | Scope |
|--------------------------------|---|---|
| Social Indicators | Ratio of Female Employees | This indicator means the gender distribution of employees of only the Bank (excluding subsidiaries and group companies) during the reporting period. |
| | Number of Employees in Managing Bodies (Manager and Higher Level) | This indicator means the distribution of employees of only 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, Assistant Chief Legal Advisor, Executive Legal Advisor, Head, Assistant Head, Coordinator, Regional Manager, Manager, New York Branch General Manager, New York Branch Manager. |
| | Ratio of Female Employees that Returned to Work After Maternity Leave | 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. |
| | Number of Employees Benefitting from Maternity Leave | The sum of the female employees who took postpartum leave during the reporting period and the male employees who took joint maternity leave. |
| | Number of Employees Returned to Work After Maternity Leave | Total number of female employees who took postpartum leave during the reporting period and male employees who took spousal maternity leave, who returned to work after their respective legal leave ended. |
| | The Number of People Who Returned to Work After Maternity Leave and are Still Working (People) | Total number of those who returned to work within 12 months after the expiration of the relevant legal leave (if it has not yet passed 12 months) of the female employees who took postpartum leave during the reporting period and the male employees who took spousal maternity leave, as of the date of withdrawal of the report. |
| | The Average Year of Seniority in Gender Breakdown | 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. |
| | Filling Rate of Top Positions with Internal Promotion | This indicator means the rate of filling an 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 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: $\text{Total Number of Employees Leaving from Work (Resignation and Termination of Employment)} / \text{Average Number of Employees} * 100$; $\text{Average Number of Employees} = (\text{Number of Employees per Semester} + \text{End of Semester Employees}) / 2$ |
| | Number of Disabled Employees | This indicator means the number of employees of only the Bank (excluding subsidiaries and group companies) with disabilities during the reporting period. |
| | Average Training Hours per Employee | This indicator 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 means the total hours of in-class and online training provided to employees during the reporting period. |
| | Ratio of Online Trainings in Total 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 (kWh) | This indicator reflects the total purchased electricity consumption used for air conditioning, lighting, electrical equipment uses and other business operations that require electricity, at the relevant locations of the Bank during the reporting period. |
| | Natural gas consumption (m ³) | 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 (kg) | 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 (l) | This indicator means the total purchased diesel (volume - l) consumption used for heating, generators and company-owned cars at the all relevant locations of the Bank during the reporting period. |
| | Heating Oil (l) | 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 (l) | 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. |
| | Energy consumption per employee (GJ/Employee) | |
| | Other Environmental Performance Data | |
| | Water consumption (m ³) | This indicator means the total municipal water and dispenser size bottled water consumption (volume-m ³) during the reporting period. |
| | Paper Consumption (tons) | This indicator means the total paper consumption (by weight – ton) used in printers at the locations where the Bank operated during the reporting period. |
| | Recycled waste (tons) | This indicator means the weight of recycled paper (by weight – ton) during the reporting period. |
| | Carbon Emissions ton CO₂-e | |
| | Scope 1 | 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 the all relevant locations of the Bank during the reporting period. |
| Scope 2 | This indicator means the emission of greenhouse gases due to the use of purchased electricity at the all relevant locations of the Bank during the reporting period. | |
| Scope 3 | This indicator means the emission of greenhouse gases due to the use of employee commuting – shuttle, air travel, paper consumption, tap water, drinking water, waste oil, paper waste disposal, courier/post at the all relevant locations of the Bank 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. | |

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 m³ supply unit, [1m³:joule/ton (34,541,100)*(heating value) 1.033042]*1000 is used ; for the consumptions invoiced with kWh supply unit, firstly the consumption was converted to m³ by using the conversion “k” factor 10.836911 and then the conversions mentioned above are used;
- For diesel, since the diesel supply unit is billed in lt, [1l*kg (0.83)*1,000* joule/ton (42,697,200)] is used as GJ conversion factor.
- For gasoline, since the gasoline supply unit is billed in lt, [1l*kg (0.735)*1,000* joule/ton (43,534,400)] is used as GJ conversion factor.
- For heating oil, since the fuel oil supply unit is billed in lt, [1l*kg (0.9)*1,000* joule/ton (40,185,600)] is used as GJ conversion factor.
- For lignite, since the lignite supply unit is billed in lt, [1kg* 1,000* 12,558,000 joule/ton (12,558,000)] is used as GJ conversion factor.
- The “k” factor and heating value used in converting natural gas consumption to m³ in kWh and reference values taken from 2018 İGDAŞ are used.
- 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.

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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."

CO₂ equivalent factors for emissions CO₂, CH₄, N₂O, HFCs (refrigerant gas), and CO₂ equivalent factors arising from fire extinguishers were used in calculations. There was no greenhouse gas emission arising from the use of fire extinguishers in 2020. 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) | CO₂ | CH₄ | N₂O | Total tons of CO₂-e |
|---|-----------------------|-----------------------|-----------------------|---------------------------------------|
| 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 oil (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 |
| Türkiye Electrical energy (grid) | 0.4661 |
| Bahrain Electrical energy (grid) | 0.6905 |
| Iraq Electrical energy (grid) | 1.0441 |
| US Electrical energy (grid) | 0.3818 |

| Emission Factors – Scope 3 | Unit | |
|---|--------------|------------------------------------|
| Employee services | 0.28453 | kgCO ₂ -e/km |
| Short distance flights for business purposes | 0.0002242200 | tCO ₂ -e/mil*passenger |
| Medium distance flights for business purposes | 0.0001292300 | tCO ₂ -e/mil*passenger |
| Long distance flights for business purposes | 0.0001587300 | tCO ₂ -e/mil*passenger |
| Paper use | 939 | kgCO ₂ -e/t |
| Tap water | 1.052 | tCO ₂ -e/m ³ |
| Drinking water | 0.717 | tCO ₂ -e/l |
| Waste oil | 0.021 | tCO ₂ -e/l |
| Paper disposal | 0.021 | tCO ₂ -e/t |
| Sending mail | 30 | grCO ₂ -e/number |

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.