

YAPI VE KREDİ BANKASI A.Ş. - Climate Change 2018

C0. Introduction

C0.1

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

Established in 1944 as Turkey's first private national bank with a focus on retail banking, Yapı Kredi is today the fourth largest private bank in Turkey with a consolidated asset size of TL 320.1 billion. As one of Turkey's 10 most valuable brands thanks to its customer-centric approach to banking, innovative approach, and a strong focus on sustainable value creation, Yapı Kredi aims to enhance customer satisfaction along with profitable, sustainable growth.

Factors such as climate change, globalizing economy and changing stakeholder expectations challenge the business community to act with awareness and responsibility, not only in financial matters but also in environmental, social and broad economic issues, and urges organizations to develop their business models in light of risks and opportunities in these areas. At Yapı Kredi, we evaluate the effect of our performance in areas of sustainability on our business results and shape our business strategy in accordance with the requirements of sustainability policies.

We seek ways of minimizing the potential negative impact of our operations on the environment, society and economy, and we continuously strive to create more added value for all our stakeholders and value chain. We draw on the sustainability experience of our main shareholders Koç Holding and UniCredit. We secure the positive momentum of our sustainability performance through measuring, monitoring, evaluation and reporting activities, which are continuously developed upon in terms of scope and efficiency. We also share our performance in this area with stakeholders through transparent and effective communication channels.

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 | Select the number of past reporting years you will be providing emissions data for |
|-------|------------------|------------------|---|--|
| Row 1 | January 1 2017 | December 31 2017 | No | <Not Applicable> |
| Row 2 | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Row 3 | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Row 4 | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

C0.3

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

Turkey

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 consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

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) of the individual(s) on the board with responsibility for climate-related issues.

| Position of individual(s) | Please explain |
|---------------------------|---|
| Director on board | Yapı Kredi's environmental activities are sustainability Committee's responsibility which is headed by the Board Member. In the Sustainability Committee created in 2014, there are also COO, CFO, CRO, CSO and CPO, who are Managing Directors, as well as the AGMs of relevant departments. The main responsibilities of the Sustainability Committee are to formulate Yapı Kredi's sustainability strategy and policies in economic, social and environmental areas, to integrate this strategy and policies into the operations of the company, and to monitor the sustainability performance. The Committee is co-chaired by the Board Member and Director- Corporate Communications. Meeting twice a year to monitor and guide developments with regards to sustainability, the Sustainability Committee reports annually to the Executive Committee and to the Board of Directors. In 2017, the Sustainability Committee convened twice. |

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 | Please explain |
|---|--|---|
| Scheduled – some meetings | Reviewing and guiding strategy Reviewing and guiding risk management policies | Yapı Kredi's environmental activities are sustainability Committee's responsibility which is headed by the Board Member. In the Sustainability Committee created in 2014, there are also COO, CFO, CRO, CSO and CPO, who are Managing Directors, as well as the assistant general managers of relevant departments. Climate change is one of the most important global problems affecting all humanity. The banking sector has an important position to combat climate change due to the size of employment and the leverage effect of its activities. Climate change affects many sectors including agriculture, |

| Frequency with which climate-related issues are a scheduled agenda item | Governance mechanisms into which climate-related issues are integrated | Please explain |
|---|---|--|
| | Reviewing and guiding annual budgets Reviewing and guiding business plans Monitoring implementation and performance of objectives | transportation, real estate and IT and causes significant changes in the business manner of these sectors. Financial products and services, which we offer to our customers, are also affected by these changes and we take into consideration the effects of climate change on our financial products and services. We carefully monitor the risks created by the climate change and design innovative products and services to transform those risks into opportunities. For this reason, we strategically manage the risks and opportunities that arise from climate change by integrating them into our business processes and decision-making mechanisms. A Corporate Social Responsibility and Sustainability unit has been formed under Corporate Communication Management. The unit's responsibilities include; • Coordinating the Sustainability Working Group and subgroups, • Monitoring the groups' performance and target realization, • Consolidating data, • Assessing activities carried out with regard to sustainability goals, • Handling internal and external sustainability communication of Yapı Kredi. |

C1.2

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

| Name of the position(s) and/or committee(s) | Responsibility | Frequency of reporting to the board on climate-related issues |
|---|---|---|
| Sustainability committee | Both assessing and managing climate-related risks and opportunities | Half-yearly |

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.

Climate change is one of the most important global problems affecting all humanity. The banking sector has an important position to combat climate change due to the size of employment and the leverage effect of its activities. Climate change affects many sectors

including agriculture, transportation, real estate and IT and causes significant changes in the business manner of these sectors. Financial products and services, which we offer to our customers, are also affected by these changes and we take into consideration the effects of climate change on our financial products and services. We carefully monitor the risks created by the climate change and design innovative products and services to transform those risks into opportunities. For this reason, we strategically manage the risks and opportunities that arise from climate change by integrating them into our business processes and decision-making mechanisms.

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Climate change is one of the most important global problems affecting all humanity. The banking sector has an important position to combat climate change due to the size of employment and the leverage effect of its activities. Climate change affects many sectors including agriculture, transportation, real estate and IT and causes significant changes in the business manner of these sectors. Financial products and services, which we offer to our customers, are also affected by these changes and we take into consideration the effects of climate change on our financial products and services. We carefully monitor the risks created by the climate change and design innovative products and services to transform those risks into opportunities. For this reason, we strategically manage the risks and opportunities that arise from climate change by integrating them into our business processes and decision-making mechanisms.

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- Coordinating the Sustainability Working Group and subgroups,
- Monitoring the groups' performance and target realization,
- Consolidating data,
- Assessing activities carried out with regard to sustainability goals,
- Handling internal and external sustainability communication of Yapı Kredi.

C1.3

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

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Recognition (non-monetary)

Activity incentivized

Environmental criteria included in purchases

Comment

Energy and emission management is among the business priorities of Yapı Kredi. Yapı Kredi Sustainability Principles, Environmental and Social Policy, and Responsible Procurement Policy documents demonstrate that emission reduction and mitigation of climate change are integrated in the company's strategy.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Other non-monetary reward

Activity incentivized

Efficiency project

Comment

During the reporting period, we provided 1,345 person*hours of training to employees in areas of environment, pollution and outcomes, air pollution and control, climate change, noise pollution and control, water pollution and control, soil pollution and control, waste management, and medical waste management. The staff of 56 contractor companies also attended these training sessions. As a result of our awareness raising activities, our energy intensity has decreased by 2.5% compared to 2015, ending up at 27.21 GJ/person.

Who is entitled to benefit from these incentives?

Energy manager

Types of incentives

Other non-monetary reward

Activity incentivized

Emissions reduction target

Comment

As energy and emission reduction targets are identified as part of the related staff's annual goals, achievement of these targets are being considered during the annual bonus evaluations.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

| | From (years) | To (years) | Comment |
|-------------|--------------|------------|---|
| Short-term | 0 | 1 | Short-term horizon is considered as 0 to 1 year time period. |
| Medium-term | 1 | 5 | Mid-term horizon is considered as 1 to 5 years time period. |
| Long-term | 5 | 10 | Long-term horizon is considered as 5 to 10 years time period. |

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

| | Frequency of monitoring | How far into the future are risks considered? | Comment |
|-------|--------------------------------|---|---|
| Row 1 | Six-monthly or more frequently | >6 years | There are two approaches defined for management of climate change risks and opportunities. Asset level approach considers loan portfolio and company level approach considers operational activities. In addition, the Bank follows the validation procedures as per the ISO 14001 and 14064 requirements. The environmental impact procedure of the Sustainability Management System (SMS) also focuses on the management process of the environmental risks. The Sustainability Committee, reporting to the Board of Directors, evaluates the environmental performance and takes both short and long term decisions for improvement of the environmental performance. By showing that the Bank has a procedural system to manage the environmental risk of its lending activities, the Bank fulfills environmental and social performance standards to receive loan lines from IFIs. |

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

One of Yapı Kredi's key priorities, risk management of the Bank is handled by a team of 112 working under the Audit Committee, who monitor, report and control risks in accordance with national and international legislation. The risks facing the bank are grouped under the three main categories of credit risk, operational & reputational risk and market risk, followed by environmental, social and ethical risks. These risks are assessed at a company level and asset level. Yapı Kredi's risk management processes are regulated by an internal Risk Management Policies and Credit Policies Regulation. The Bank's risk culture requires all employees to participate in risk management. Risk management policies are evaluated every year and revised when necessary to take effect upon the Board of Directors' approval. In addition, the Bank follows the validation procedures as per the ISO 14001 and 14064 requirements. The environmental impact procedure of the Sustainability Management System (SMS) under development also focuses on the management process of the environmental risks. The Sustainability Committee, reporting to the Board of Directors, evaluates the environmental performance and takes both short and long term decisions for improvement of the environmental performance. By showing that the Bank has a procedural system to manage the environmental risk of its lending activities, the Bank fulfills environmental and social performance standards to receive loan lines from IFIs.

Yapı Kredi has an integrated into multi-disciplinary company-wide risk identification, assessment, and management processes and identifies substantive financial impacts as impacts that cause business interruption

The assessment includes all of our direct and indirect operations. Yapı Kredi uses company specific internal methods in its risk assessment processes. Environmental and Social Risk Assessment (ESRA) which is an internal company risk assessment method, Yapı Kredi identifies, assesses and responds its risk with the light of water related national -specific tools or standards.

Direct operations: The internal environmental effects of the Bank arising from operational consumption and consumption are assessed in accordance with the Procurement of Internal Environmental Impact Assessment. Risks originating from environmental effects are followed by "Planning Risk and Opportunity Determination Form". Environmental risks are determined by the Matrix Method (L-Type Matrix) method.

This method also used in other stages of the value chain.

In the risk assessment both in direct operations and value chain, the environmental risks are graded by calculating the weight ratios with a 5 * 5 scoring system and it is decided whether the measures need to be taken.

"Assessment of Environmental and Social Risks of Credit Activities" process involves an environmental and social assessment of all Bank investment and project financing loans with an loan amount above US\$ 20 million and a maturity of at least three years with a view to determining project risk categories and informing appropriate action. The Environmental and Social Risk Assessment Model categorizes risks under three groups: high, moderate, and low risk.

Category A: Business activities that have an environmental or social risk and/or impact that is diverse, irreversible or unforeseen, and of significant severity. **Category B:** Business activities that have an environmental or social risk and/or impact that is limited, generally localized to the project area, largely reversible and already subject to mitigation measures. **Category C:** Business activities that have minimal or no environmental or social risk and/ or impact.

The actions to be taken and follow-up activities regarding high- and moderate-risk projects are as follows:

- The investor must complete project documentation as part of the Environmental Impact Assessment (EIA) Regulation and must have obtained all temporary environmental and social permits.
- Throughout the investment, the investor is required to ensure successful implementation of environmental and social measures as defined and approved in the Project Presentation File, and prove consistent implementation of such measures through supporting documents.
- An external Environmental and Social Consultant/ Expert will prepare an Environmental and Social Status Assessment / Action Plan and Monitoring Plan that comply with the IFC Performance Standards to ensure that all environmental and social aspects of the investment are monitored and reported regularly.
- The Environmental and Social Consultant/Expert will monitor the investment via field visits to be held at least once a year throughout the investment phase, and once after the investment is completed.

Environmental and social findings (if any) concerning the customer and the facility subject to the loan, are followed up in credit review meetings at least once a year.

C2.2c

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

| | Relevance & inclusion | Please explain |
|---------------------|------------------------------|--|
| Current regulation | Relevant, always included | Yapı Kredi considers current regulations in order to be aware of any changes related to international agreements such as Paris Agreement. We have considered current regulational risks in section 2.3a as transitional risk. |
| Emerging regulation | Relevant, always included | Yapı Kredi considers emerging regulations in order to be aware of any changes related to possible policy regulation towards carbon markets and mandatory carbon trading systems. We have considered emerging regulational risks in section 2.3a as transitional risk. |
| Technology | Relevant, sometimes included | Yapı Kredi considers technological risks related to technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system. Yapı Kredi considered technology as a risk type but there is not any technological risk identified within the reporting year. |

| | Relevance & inclusion | Please explain |
|------------------|------------------------------------|--|
| Legal | Relevant, always included | Yapı Kredi considers legal risks in order to be aware of any changes related to climate-related litigation claims. We have identified a risk which has financial impact with increased costs and/or reduced demand for products and services resulting from fines and judgments in section 2.3a. |
| Market | Relevant, always included | Yapı Kredi considers market risks in order to be aware of any risks related to supply and demand for certain products, and services. We have identified a risk in section 2.3a which cause reduced demand for goods and/or services due to shift in consumer preferences. |
| Reputation | Relevant, always included | Yapı Kredi considers all risks tied to changing customer or community perceptions of an organization's contribution to or detraction from the transition to a lower-carbon economy. Yapı Kredi considered reputation as a risk type but there is not any reputational risk identified within the reporting year. |
| Acute physical | Relevant, always included | Yapı Kredi considers chronic physical risks in order to be ready for any chronic changes in climate. We have identified a risk in section 2.3a which has financial impact with increased costs because of rising mean temperatures and need for energy consumption to provide comfortable working conditions. |
| Chronic physical | Relevant, always included | Yapı Kredi considers chronic physical risks in order to be ready for any chronic changes in climate. We have identified a risk in section 2.3a which has financial impact with increased costs because of rising mean temperatures and need for energy consumption to provide comfortable working conditions. |
| Upstream | Not relevant, explanation provided | Yapı Kredi does not categorize their any identified risks in section 2.3a based on the location of the risks in their value chain. |
| Downstream | Not relevant, explanation provided | Yapı Kredi does not categorize their any identified risks in section 2.3a based on the location of the risks in their value chain. |

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The risks and opportunities at company level are identified by the Sustainability Committee, with the support of Sustainability Working Group and its sub – groups, which are coordinated by CSR and Sustainability team. Potential risks and opportunities are presented to the Committee. Following the completion of the decision making process by the Committee, Sustainability Working Group and sub-working groups cooperate with relevant teams for implementation of these decisions. The CSR and Sustainability team monitors the achievement of the designated goals and undertakes related reporting activities. On the asset level, thorough assessments are conducted on all projects evaluated for financing, taking into account their environmental and social aspects. Social and environmental analyses of independent

experts shape management and action plans, which are included in loan contracts as commitments, providing support on minimization of the social and environmental impacts associated with the project.

The Sustainability Management System project was finalized by the first quarter of 2017. The system involves identifying risks and opportunities at asset level to set targets, screen environmental and social risks of the Bank's direct and indirect impacts and combat global warming and climate change. ISO14064 certificate system adopted by Yapı Kredi helps the Bank to manage its emissions and to set targets for constant reduction of its environmental impact. In this respect, different projects are developed and put into practice.

As a part of the environmental and social risk assessment process, Yapı Kredi categorizes the risks associated with the projects it finances. Actions to be taken per each risk category level is pre-defined, therefore the Bank takes action according to the identified risk level. This helps the Bank to prioritize the risks taken into consideration within the scope of the business strategy and all capitals.

Yapı Kredi monitors its risks and opportunities six-monthly or more frequently with considers 6 years or more. In 2017 physical and transitional risks and opportunities were identified. These risks and opportunities are integrated into multi-disciplinary company-wide risk identification, assessment, and management processes. Case studies related with these on how Yapı Kredi manages risks and opportunities can be seen below:

Physical risk: Yapı Kredi considers increase in operating costs because of changing mean temperatures as a physical risk. Yapı Kredi manages this risk with developing energy and resource efficiency projects in order to minimize the increased operating costs due to increased energy consumption and reduce greenhouse gas emissions in order not to create an additional negative impact on climate change.

Transition risk: Yapı Kredi considers increased costs and/or reduced demand for products and services resulting from fines and judgments because of Uncertainty surrounding new regulation as a transition risk. Yapı Kredi manages this risk with closely monitoring the updated regulations and developing alternative business strategies for any possible new regulations.

Physical opportunities: Yapı Kredi considers increase in revenue through new solutions to adaptation needs change in temperature increases as a physical opportunity. Yapı Kredi manages this opportunity to realize with offering three different products for agricultural banking to convert this changing consumer behavior into a business opportunity.

Transition opportunities: Yapı Kredi considers increase in revenue through demand for lower emissions products and services because of Renewable energy regulation a transition opportunity. Yapı Kredi manages this opportunity to realize with increasing its renewable energy and energy efficiency loan portfolio by adding alternative sources from international financial institutions in order to meet the increasing demand for renewable energy investments.

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?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Other

Type of financial impact driver

Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description

The Ministry of Environment and Urbanization has been undertaking a project with World Bank PMR for the Market Readiness for Carbon Markets. The project is finalized in May 2017. The final report of the project can be evaluated in a possible policy regulation towards carbon markets and mandatory carbon trading systems. This can in turn change the demand for carbon intensive projects, resulting in a reduced demand for Yapi Kredi's goods and services towards carbon intensive industry loans.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Potential financial impact

609500000

Explanation of financial impact

Any new carbon market regulation may impose a financial cost to Yapi Kredi's operations. While a carbon tax or an ETS has not yet been imposed, the possible initial impact can be on the carbon intensive loan portfolio, reaching nearly 609.5 million TRY.

Management method

Yapi Kredi closely monitors the updated regulations and develops alternative business strategies for any possible new regulations. Additionally, Yapi Kredi has also launched a sustainability Management System project. As a part of this system, Yapi Kredi's lending activities are aimed to be monitored and managed in terms of their environmental-social risks and impacts. The environmental-social risk assessment model is integrated to Yapi Kredi's overall sustainability strategy that involves climate change strategy as well. Considering risks related to climate change, Yapi Kredi employed an environmental and social sustainability risk specialist to handle these risks properly by its environmental and social risk management model.

Cost of management

375000

Comment

Monitoring updated regulations and business development is a part of full time staff therefore it does not need additional management costs. Furthermore, the cost of the consultancy for the establishment of the environmental and social risk model is approximately 375,000 TRY.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Other

Type of financial impact driver

Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description

Paris Agreement has been signed but not yet been ratified by the Turkish Parliament. Once it is ratified, there will be implications on each sector in order to reach the INDC target. This will impose specific measures on relevant industries, which Yapi Kredi finances. Yapi Kredi's loan portfolio includes industry projects, therefore any regulation regarding Paris Agreement will increase capital costs for Yapi Kredi.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium

Potential financial impact

Explanation of financial impact

Management method

Yapı Kredi is following international developments and developing new and competitive renewable energy and energy efficiency financing products. Additionally, Yapı Kredi has also established the Sustainability Management System. As a part of this system, Yapı Kredi's lending activities are monitored and managed in terms of their environmental-social risks and impacts. The environmental-social risk assessment model is integrated to Yapı Kredi's overall sustainability strategy that involves climate change strategy as well. Considering risks related to climate change, Yapı Kredi employed an environmental and social sustainability risk specialist to handle these risks properly by its environmental and social risk management model.

Cost of management

0

Comment

Developing new thematic loans and services is a part of the related full time staff's duty. It does not require any additional costs of management.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Rising mean temperatures

Type of financial impact driver

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

Company- specific description

Change in temperature alters the average weather conditions people are accustomed to. This impacts the comfort level of employees, and forces the institution to take the necessary measures to ensure comfortable working conditions. As the result of this situation, natural gas and electricity consumption in Yapı Kredi headquarter buildings and branches may increase due to heating and cooling purposes.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

5850000

Explanation of financial impact

Increase in energy consumption would lead to increase in average operational and overhead costs for each department and branch. In order to calculate the estimated financial implication in case of 1 degree temperature change, energy consumed in 2017 in the head office buildings and branches are taken into account as well as the number of employees. The estimated cost is calculated as nearly 5,850,000 TRY in case of the usage of same energy resources and constant unit prices of these energy resources.

Management method

Yapı Kredi develops energy and resource efficiency projects in order to minimize the increased costs due to increased energy consumption and reduce greenhouse gas emissions in order not to create an additional negative impact on climate change. Within the scope of energy efficiency studies carried out in the head offices (Yeniköy Koru, Darıca Arşiv, Bayramoğlu Eğitim Tesisleri, Plaza D Block and Banking Base), scope 1 greenhouse gas emissions caused by energy consumption were reduced 60.29% compared to 2016 and an energy saving was achieved with the help of annual maintenance, renovations and energy saving practices. As the result of the efficiency projects conducted in 2017, a total of 25.45% saving was achieved in total scope 1 and scope 2 emissions.

Cost of management

462861

Comment

The efficiency projects are developed on an ongoing basis and Yapı Kredi will continue to develop new projects based on need. The current expenditure on efficiency projects during 2017 is 350,477 TRY. Additionally, the expenditure on climate change related issues within the scope of certification activities, consultancy, and training is around 98,384 TRY. Moreover, Yapı Kredi Banking Academy has prepared an online training program in order to raise awareness about climate change related issues. In 2017, 2,390 employees were provided with 480 person*hours of environmental training. 141 employees of contractor companies also attended this training which has brought extra 14,000 TRY cost.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Acute: Other

Type of financial impact driver

Other, please specify (Negative impacts on certain sectors such)

Company- specific description

Change in precipitation extremes and droughts will have negative impacts on certain sectors such as agriculture, tourism, and renewables (mainly hydropower). Projects Yapı Kredi finances in these sectors will have increased risk potential.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

High

Potential financial impact

1105023198

Explanation of financial impact

Increased project finance risks due to the change in physical conditions which will result on being unable to achieve projected income. This will increase Yapı Kredi's credit risk which is estimated as 1,105 billion TRY.

Management method

Yapı Kredi's project evaluation team evaluates each project according to its project-specific conditions, region, and maturity. Possible climatic impacts are also included in this evaluation.

Cost of management

275000

Comment

More sensitive evaluation of projects will result in increased tasks for the project evaluation teams. The costs of such management will be the labor costs and fees paid for external consultants for such evaluations.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Market: Changing customer behavior

Type of financial impact driver

Market: Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description

As the impact of climate change becomes more visible in daily life, clients' awareness of climate change and their sensitivity towards it increases. Changing consumer behavior requires banking sector to be more open on developing green products, create or develop new climate-friendly credit lines.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Potential financial impact

3155000000

Explanation of financial impact

As behavior change is a dynamic process, its financial impacts on the institution is hard to estimate. However, loss of customers due this inability could cost up to nearly 3,155 billion TRY.

Management method

As a part of its stakeholder engagement process, Yapı Kredi is in regular contact with its clients and analyzes the feedback it receives to understand the changes and new needs of its clients.

Cost of management

0

Comment

Management costs are minimal and correspond to less than 1% of the funding amount. Yapı Kredi has adopted fostering resource and energy efficient sectors and developing sustainable products for the market within its sustainability strategies. Together with its loan agreements with international financial institutions like IFC, EIB and EBRD, Yapı Kredi increases its efforts on financing low carbon economy. Management costs with regards to these funds are minimal and correspond to less than 1% of the funding amount.

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?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Other

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

The new energy and mining strategy of Turkey acknowledged by the Minister of Energy and Natural Resources lays out aggressive plans to increase Turkey's energy supply safety. This involves adding 10 GW solar and wind power each to the system and increasing efficiency projects. This directly brings new financing opportunities to Yapı Kredi.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

High

Potential financial impact**Explanation of financial impact**

Plans for increasing renewable energy capacity will increase demand for renewable energy loans Yapi Kredi offers. The market for the Bank's renewable energy and energy efficiency products and services will increase.

Strategy to realize opportunity

Yapi Kredi is increasing its renewable energy and energy efficiency loan portfolio by adding alternative sources from international financial institutions in order to meet the increasing demand for renewable energy investments. For example, the Bank has two credit lines with EIB specifically on climate change signed in 2010 with maturity dates of 2026 and 2027.

Cost to realize opportunity

0

Comment

Yapi Kredi considers business development as a part of its daily business strategy. Developing climate friendly products is a fundamental part of this business development strategy. This is undertaken by the full time staff of the Bank that does not require any additional costs of management.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Other

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

As a part of the policy to implement Turkey's INDC targets and accession to EU energy policy, facilitation of investing in renewable energy policies, easing the licensing process for customers can expedite the project development phase. This facilitation can create an additional incentive for clients to shift their energy investment preferences from conventional to renewable sources.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

2270043720

Explanation of financial impact

The growing demand for renewable energy investments will create additional demand for Yapı Kredi's energy efficiency credits and services. In 2017, Yapı Kredi provided USD 2,270 billion TRY in resources to finance renewable energy projects. In 2017, Yapı Kredi financed no-emissions plants with a total installed capacity of 6,598 MW and a capacity utilization rate of 30%, preventing 10,8 tonnes CO2e emissions from the plants using non-renewable sources.

Strategy to realize opportunity

As part of Yapı Kredi's goal to lead sustainable development, thorough assessments are conducted on all projects evaluated for financing, taking into account their environmental and social aspects. Yapı Kredi provides significant amount of financing for renewable energy projects. As with all other projects, loan terms, conditions and payment plans are specifically determined according to the project's feasibility study and the expected cash flow. Consultancy services are also received from environmental experts to identify potential environmental and social impacts, and to determine the measures to be taken in case a negative impact is identified. Yapı Kredi cooperates with the Renewable Energy Support Mechanism (YEKDEM) to increase funding diversity and to lend its support to projects that can offer a reliable supply.

Cost to realize opportunity

375000

Comment

Diversifying renewable energy loans and products would require additional assessment and due diligence procedures during project appraisal period, meaning costs in terms of human capital. In this process, Yapı Kredi anticipates its experts to have additional site visits and desk research, and to employ external experts for specific projects. Furthermore, due diligence studies undertaken is approximately 375,000 TRY.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Other

Type of financial impact driver

Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services)

Company- specific description

Changes in temperature extremes as well as average temperatures have impacts on the agricultural production. The climate enables production of new crops, or in some cases facilitates larger revenues. This encourages farming sector to start new investments, which creates a business opportunity for Yapi Kredi in agricultural banking.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

126000000

Explanation of financial impact

The increasing demand for innovative agricultural methods and investments led to an increase in Yapi Kredi's services and revenues in this area. During 2017, the Bank has offered 126 million TRY credit through its agricultural banking services.

Strategy to realize opportunity

In line with the thematic funds, Yapi Kredi offers three different products for agricultural banking to convert this changing consumer behavior into a business opportunity. The Bank has developed a) green house and green house development, b) agricultural investment and c) organic farming credits, and serves its clients through these services.

Cost to realize opportunity

0

Comment

Yapı Kredi considers business development as a part of its daily business strategy. Developing climate friendly products is a fundamental part of this business development strategy. This is undertaken by the full time staff of the Bank that does not require any additional costs of management.

Identifier

Opp4

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact driver

Other, please specify (Increased demand for existing services)

Company- specific description

Average seasonal temperatures are changing in Turkey and the impacts are becoming more visible in daily life. This change has also an impact on business life due to increased energy consumption. SMEs are the main backbone of the Turkish economy, contributing to approximately more than half of the national economy. The increasing energy demand and prices forces SMEs to adopt new energy efficiency measures. Energy efficiency becomes an important issue for small enterprises to increase profit.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

100000000

Explanation of financial impact

As the importance of energy efficiency increases for SMEs, there would be more interest for Yapı Kredi's existing energy efficiency loans. This is expected to result in an increase in Bank's SME client portfolio, which may have a maximum financial implication of 100 million TRY.

Strategy to realize opportunity

Yapı Kredi is committed to developing and promoting products and services that are both environment-friendly and capable of generating sustainable long-term value for the Bank and the local communities. Yapı Kredi’s SME unit constantly develops and enriches the product portfolio based on client needs. Yapı Kredi uses financial expertise to support its customers across various business lines and to develop projects and technologies that help reduce environmental impacts and mitigate climate change.

Cost to realize opportunity

0

Comment

Yapı Kredi considers business development as a part of its daily business strategy. Developing climate friendly products is a fundamental part of this business development strategy. This is undertaken by the full time staff of the Bank that does not require any additional costs of management.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

| | Impact | Description |
|--------------------------------------|---|--|
| Products and services | Not yet impacted | We have consider and identify risks and opportunities related with products and services. However these risks and opportunities not yet impacted because we they have not realized yet. Our products and services may be impacted through Increased operating costs or reduced demand for goods and/or services due to shift in consumer preferences negatively. On the other hand, they may be impacted through increased revenue through demand for lower emissions products and services and new solutions to adaptation needs, and increased demand for existing products/services. We will expect to face with these risks or opportunities and the magnitude of impact will be medium. |
| Supply chain and/or value chain | Not yet impacted | We have consider and identify risks and opportunities related with products and services. However these risks and opportunities not yet impacted because we they have not realized yet. Certain sectors such as agriculture and tourism can be impacted negatively because of acute and chronic physical climate related disasters. |
| Adaptation and mitigation activities | We have not identified any risks or opportunities | |
| Investment in R&D | We have not identified any risks or opportunities | |

| | Impact | Description |
|-----------------------|---|-------------|
| Operations | We have not identified any risks or opportunities | |
| Other, please specify | We have not identified any risks or opportunities | |

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

| | Relevance | Description |
|---|---|--|
| Revenues | Not yet impacted | We identified risks and opportunities that will impact our revenue. For example because of new renewable energy regulation revenue through demand for lower emissions products and services may increase in a medium timescale. On the other hand, changing customer behaviours because of increasing clients' awareness of climate change and their sensitivity may cause reduced demand for goods and/or services in a medium timescale. |
| Operating costs | Impacted | We identified risks and opportunities that will impact our operating costs. For example, rising mean temperatures impacts the comfort level of employees, and forces the institution to take the necessary measures to ensure comfortable working conditions. This causes increase in operating costs in a medium timescale. |
| Capital expenditures / capital allocation | We have not identified any risks or opportunities | |
| Acquisitions and divestments | We have not identified any risks or opportunities | |
| Access to capital | We have not identified any risks or opportunities | |
| Assets | We have not identified any risks or opportunities | |
| Liabilities | We have not identified any risks or opportunities | |

| | Relevance | Description |
|-------|---|-------------|
| Other | We have not identified any risks or opportunities | |

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

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

Yes, qualitative and quantitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Reflections of global warming direct us towards mitigation and adaptation of climate change. Yapı Kredi Sustainability Principles and other related policies such as Environmental and Social Policy and Responsible Purchasing Policy reflect our business strategy on combatting climate change. These policies were approved by the Board and the Sustainability Committee and entered into force. For mitigation of climate change, we perform continuous evaluation of our environmental performance's effect on our business results and shape our business strategy in accordance with the requirements of our sustainability policies. To this end, we continuously seek ways of minimizing the potential negative impact of our operations on the environment, society and economy, and we continuously strive to create more value for all our stakeholders and value chain. The positive momentum of our sustainability performance (emission reduction/resource efficiency) is secured through measuring, monitoring, evaluation and reporting activities, which are continuously developed upon in terms of scope and efficiency. The performance in this area is also shared with stakeholders through transparent and effective communication channels. Within the scope of Yapı Kredi Sustainability Principles, we embodied our commitment against climate change. We integrated climate change into our long term and short term strategy through setting emission/energy reduction targets and keeping track of these targets.

In terms of adaptation to climate change, we are aware that climate change brings financial risks to our financing operations. Inadequate infrastructure or harsh climate conditions may result in failure/damage of our investment projects, which means that these investments

may be unable to repay themselves. Therefore, we take climate change aspects into account during our credit evaluation processes. Additionally, climate change concerns create demand for green products in the banking sector. We consider financing of energy efficiency, renewable energy and afforestation projects as green products.

Our strategy brings competitive advantage when working with international financing institutions such as IFC, EIB, and EBRD. As a result of our effort to integrate climate change strategy into our business strategy, we are able to provide good financing options to our clients, an outstanding case, which makes us favourable among other competitors. For instance, in the last years, over 675,5 million USD has been utilized from IFIs under climate-related issues.

C3.1d

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

| Climate-related scenarios | Details |
|--|--|
| Nationally determined contributions (NDCs) | By 2015, Turkey has submitted climate plans to the UN by signing the Paris Agreement and agreed to reduce existing greenhouse gas emissions by 21% from business as usual case by 2030, using a mix of domestic and international resources. As Yapı Kredi, we are working in line with Turkey's commitments to reach expected emission levels. We are considering Turkey's NDC in our direct operations as a climate-related scenario. We have voluntarily committed to reducing our GHG emissions. As part of our long-term goals, we aim to reduce energy consumption and Scope 2 emissions at our head office buildings by 5% in 2020, compared to 2015 results. We have implemented efficiency projects in order to achieve our targets. Emission reduction activities such as green IT, change in lighting systems and improvement projects in airconditioning systems was implemented. Details about emission reduction activities can be seen in section C4. Summary of the results of the conducted scenario analysis, currently we have already achieved a 3.34% reduction in electricity consumption. While we are setting our objectives and strategy we consider NDCs as a focus in order to identify meaningful actions to take in the future. |

C4. Targets and performance

C4.1

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

Absolute target

C4.1a

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

Target reference number

Abs 1

Scope

Scope 2 (location-based)

% emissions in Scope

95.11

% reduction from base year

5

Base year

2015

Start year

2016

Base year emissions covered by target (metric tons CO2e)

14723.92

Target year

2020

Is this a science-based target?

No, and we do not anticipate setting one in the next 2 years

% achieved (emissions)

0

Target status

Underway

Please explain

We aim to reduce electricity consumption and Scope 2 emissions by 5% by 2020. We have already reduced electricity consumption by 3.34% in the current situation. Scope 2 emissions, rate of 4.87% of Turkey's electricity grid emission factor has been increased by 1.37% due to the increase in the current situation.

Target reference number

Abs 2

Scope

Scope 2 (location-based)

% emissions in Scope

94.88

% reduction from base year

1

Base year

2016

Start year

2017

Base year emissions covered by target (metric tons CO2e)

14804.09

Target year

2017

Is this a science-based target?

No, and we do not anticipate setting one in the next 2 years

% achieved (emissions)

0

Target status

Expired

Please explain

In 2017 the overall case was up 0.82%. The reason for this increase is the average temperature values of the year 2017 above the seasonal norms. For this reason comfort / conditioning systems have been used for a longer time in our facilities. In addition, the number of personnel in our Banking Base and Plaza D Block facilities increased by 14.2% compared to the previous year. Considering the number of employees, the indirect energy indirect greenhouse gas emission intensity per capita in the two facilities was reduced from 2.91 (year 2016) to 2.57 (year 2017), and a reduction of 11.7% was achieved. source: <https://www.mgm.gov.tr/veridegerlendirme/sicaklik-analizi.aspx?s=a#sfB>

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

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 projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

| | Number of projects | Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *) |
|---------------------------|--------------------|--|
| Under investigation | 1 | 0 |
| To be implemented* | 0 | 0 |
| Implementation commenced* | 0 | 0 |
| Implemented* | 4 | 11338 |
| Not to be implemented | 0 | 0 |

C4.3b

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

Activity type

Energy efficiency: Building services

Description of activity

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

21465

Investment required (unit currency – as specified in CC0.4)

133078

Payback period

4 - 10 years

Estimated lifetime of the initiative

Please select

Comment

C4.3c

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

| Method | Comment |
|---|--|
| Compliance with regulatory requirements/standards | Compliance with the local legislation such as Energy performance of buildings and Law on Energy Efficiency is a driving force for Yapı Kredi to conduct energy efficiency studies in buildings. Details of projects with regards to energy efficiency are provided in section C4. |
| Employee engagement | Yapı Kredi Sustainability Committee together with Sustainability Working Group, its sub-working groups and CSR & Sustainability department work for enhancing Yapı Kredi's sustainability performance. Climate change constitutes one of the material sustainability issues of Yapı Kredi. Therefore, comprehensive studies are being conducted to improve Yapı Kredi's performance in this area. Awareness raising activities for employees are conducted to serve for behavioral change. Additionally, Yapı Kredi has established the Sustainability Management System. The system is under operation since the end of 2017's first quarter. The system involves identifying risks and opportunities to define targets, screening environmental and social risks of the Bank's direct and indirect impacts and combat global warming and climate change. |
| Financial optimization calculations | Yapı Kredi attaches great importance to energy saving projects, since these projects allow CO2 emission reductions and at the same time they ensure cost efficiency. Details of projects with regards to energy efficiency are provided in section C4. There are additional energy efficiency projects which are planned to be implemented. |

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?

No

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 2014

Base year end

December 31 2014

Base year emissions (metric tons CO2e)

4092.18

Comment

Scope 2 (location-based)

Base year start

January 1 2014

Base year end

December 31 2014

Base year emissions (metric tons CO2e)

15744.57

Comment

Scope 2 (market-based)

Base year start

January 1 2014

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

C6. Emissions data

C6.1

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

Row 1

Gross global Scope 1 emissions (metric tons CO₂e)

4691.59

End-year of reporting period

<Not Applicable>

Comment

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

C6.3

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

Row 1

Scope 2, location-based

15729.68

Scope 2, market-based (if applicable)

<Not Applicable>

End-year of reporting period

<Not Applicable>

Comment

Since 2011, Yapı Kredi has been using green electricity produced by hydroelectric power plants of Entek Energy. 43% of Entek's energy portfolio is renewable energy. Taking the share of renewable energy in Entek's energy portfolio into account, Yapı Kredi's green electricity consumption in 2017 was considered as 43% of the total electricity consumption. In the calculation of the total electricity consumption, the location based grid emission factor was used. As a result of this, the emission reduction obtained through green electricity usage could not be reflected to the total electricity consumption. Therefore, the green electricity usage is considered as zero.

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?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

All branches, subsidiaries, credit cards sales offices, regional headquarters, medical centers, warehouse and ATMs located in domestic and foreign regions

Relevance of Scope 1 emissions from this source

Emissions are relevant but not yet calculated

Relevance of location-based Scope 2 emissions from this source

Emissions are relevant but not yet calculated

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are relevant but not yet calculated

Explain why the source is excluded

The organizational boundaries have been defined by using operational control approach. Based on this approach, all branches, subsidiaries, credit cards sales offices, regional headquarters, medical centers, warehouse and ATMs located in domestic or foreign regions have been excluded from greenhouse gas inventory, since sufficient and reliable data with regards to these sources could not be collected. Due to this reason, the verification team preferred to apply the control approach in order to generate accurate results. For the

upcoming periods, a data collection system is aimed to be established for obtainment of accurate, consistent, and complete data from these excluded sources as well. After completion of this comprehensive data collection system, the scope of the verification is also aimed to be widened.

Source

Electricity consumption from Bayramoğlu Eğitim Tesisleri

Relevance of Scope 1 emissions from this source

No emissions from this source

Relevance of location-based Scope 2 emissions from this source

Emissions are relevant and calculated, but not disclosed

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are relevant and calculated, but not disclosed

Explain why the source is excluded

Electricity from Bayramoğlu Eğitim Tesisleri is identified as out of scope.

Source

Natural gas consumption from kitchen in Darıca Arşiv, Bankacılık Üssü

Relevance of Scope 1 emissions from this source

Emissions are relevant and calculated, but not disclosed

Relevance of location-based Scope 2 emissions from this source

No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why the source is excluded

Natural gas consumption from kitchen in Darıca Arşiv and Bankacılık Üssü are paid by subcontractor, therefore these consumptions are out of scope.

Source

Refrigerant emissions from R-22

Relevance of Scope 1 emissions from this source

Emissions are relevant and calculated, but not disclosed

Relevance of location-based Scope 2 emissions from this source

No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why the source is excluded

The refrigerant R-22 emissions have been determined as 0,35 tons CO2 in the reporting period. Since it constitutes below 1% of Yapı Kredi's total GHG emissions, this source was not included in the Yapı Kredi's GHG inventory.

Source

Yapı Kredi Yeniköy High Forest

Relevance of Scope 1 emissions from this source

Emissions are relevant and calculated, but not disclosed

Relevance of location-based Scope 2 emissions from this source

No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why the source is excluded

In 2017, greenhouse gas emissions resulting from the use of wood for warming purposes in Yeniköy Koru were excluded from the greenhouse inventory of 2017 because the total emission was less than 1% (0.1).

Source

R143 (HFC-134a) gas emissions from water dispenser

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why the source is excluded

R134 (HFC-134a) gas is used in the water dispenser of our facilities. However, the water company is responsible for the maintenance, repair and gas charges of the water dispensers because the water supply from the contracted water company is given free of charge. For this reason, water dispenser gas charges are not included in the calculation of greenhouse gas emissions.

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1336.44

Emissions calculation methodology

DEFRA 2017 Emissions Factor – Material use

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

100

Explanation

Scope 3 greenhouse gas emissions from paper consumption have been categorized as emissions of purchased goods and services. Within the scope of this calculation, only paper consumption was taken into account due to lack of data with regards to additional sources of emissions in the "emissions from purchased goods and services" category.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

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

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2833.81

Emissions calculation methodology

DEFRA 2017 Emissions Factor – Business travel

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

100

Explanation

Scope 3 greenhouse gas emissions resulting from taxi usage, bus travels and air travels have been categorized as emissions from business travels. Related DEFRA emission factors were utilized for calculation of emissions caused by air travels. However, emissions from business travels by taxi and bus could not be determined due to lack of data.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

11474

Emissions calculation methodology

IPCC

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

100

Explanation

Scope 3 greenhouse gas emissions resulting from shuttle busses used for employee transportation have been categorized as emissions of employee commuting. Greenhouse gas emissions due to employee transportation were calculated based on the methodology of IPCC.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Downstream leased assets**Evaluation status**

Not relevant, explanation provided

Metric tonnes CO₂e**Emissions calculation methodology**

There is no specific methodology used for this source.

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

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Franchises**Evaluation status**

Not relevant, explanation provided

Metric tonnes CO₂e**Emissions calculation methodology**

There is no specific methodology used for this source.

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

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Investments**Evaluation status**

Not relevant, explanation provided

Metric tonnes CO₂e**Emissions calculation methodology**

There is no specific methodology used for this source.

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

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

There is no specific methodology used for this source.

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

Explanation

Yapı Kredi does not have such an emission source within Scope 3. Therefore, emissions from this source equal to zero. There has been no third party verification process for this source.

C6.7

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

No

C6.10

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

Intensity figure

0.000015

Metric numerator (Gross global combined Scope 1 and 2 emissions)

20421.27

Metric denominator

unit total revenue

Metric denominator: Unit total

137790000

Scope 2 figure used

Location-based

% change from previous year

36

Direction of change

Decreased

Reason for change

Our gross global combined Scope 1 and 2 emissions for the reporting year is decreased and the total revenue was increased. Therefore the intensity figure has decreased. Emission reduction activities such as green IT, change in lighting systems and improvement projects in airconditioning systems was implemented. Details about emission reduction activities can be seen in section C4.

Intensity figure

3521

Metric numerator (Gross global combined Scope 1 and 2 emissions)

20421.27

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

18467

Scope 2 figure used

Location-based

% change from previous year

34

Direction of change

Decreased

Reason for change

The intensity figure was decreased because number of FTE increased and gross global combined Scope 1 and 2 emissions are decreased. Emission reduction activities such as green IT, change in lighting systems and improvement projects in airconditioning systems was implemented. Details about emission reduction activities can be seen in section C4.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

C7.1a

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

| Greenhouse gas | Scope 1 emissions (metric tons of CO2e) | GWP Reference |
|----------------|---|---|
| CO2 | 4251.91 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| CH4 | 10.64 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| N2O | 14.69 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| HFCs | 414.35 | IPCC Fifth Assessment Report (AR5 – 100 year) |

C7.2

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

| Country/Region | Scope 1 emissions (metric tons CO2e) |
|----------------|--------------------------------------|
| Turkey | 4691.59 |

C7.3

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

By facility

By activity

C7.3b

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

| Facility | Scope 1 emissions (metric tons CO2e) | Latitude | Longitude |
|---------------------------------|--------------------------------------|----------|-----------|
| Plaza D Block | 1516.35 | 41 | 29 |
| Banking Base | 2647.27 | 40 | 29 |
| Bayramoğlu Education Facilities | 357.2 | 40 | 29 |
| Darıca Archive Facilities | 147 | 40 | 29 |
| Yapı Kredi Yeniköy Facilities | 23.75 | 41 | 29 |

C7.3c

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

| Activity | Scope 1 emissions (metric tons CO2e) |
|--------------------|--------------------------------------|
| Natural gas boiler | 3288.04 |
| Transportation | 886.68 |
| Cooling units | 414.35 |
| Generators | 102.52 |

C7.5

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

| Country/Region | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) | Purchased and consumed electricity, heat, steam or cooling (MWh) | Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh) |
|----------------|--|--|--|--|
| Turkey | 15729.68 | 0 | 31777.14 | 0 |

C7.6

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

By facility

By activity

C7.6b

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

| Facility | Scope 2 location-based emissions (metric tons CO2e) | Scope 2, market-based emissions (metric tons CO2e) |
|---------------------------------|---|--|
| Plaza D Block | 3015.65 | 0 |
| Banking Base | 11909.31 | 0 |
| Bayramoğlu Education Facilities | 371.25 | 0 |
| Darıca Archive Facilities | 366.48 | 0 |
| Yapı Kredi Yeniköy Facilities | 66.99 | 0 |

C7.6c

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

| Activity | Scope 2, location-based emissions (metric tons CO2e) | Scope 2, market-based emissions (metric tons CO2e) |
|-------------|--|--|
| Electricity | 15729.68 | 0 |

C7.9

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

Decreased

C7.9a

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

| | Change in emissions (metric tons CO2e) | Direction of change | Emissions value (percentage) | Please explain calculation |
|--|--|---------------------|------------------------------|--|
| Change in renewable energy consumption | 0 | No change | 0 | Since 2011, Yapı Kredi has been using green electricity produced by hydroelectric power plants of Entek Energy. 43% of the energy produced by Entek's energy portfolio in 2017 is renewable energy. Taking the share of renewable energy in Entek's energy portfolio into account, Yapı Kredi's green electricity consumption in 2017 was considered as 43% of the total electricity consumption. In the calculation of the total electricity consumption, the location based grid emission factor was used. As a result of this, the emission reduction obtained through green electricity usage could not be reflected to the total electricity consumption. Therefore, the green electricity usage is considered as zero. |
| Other emissions reduction activities | 7143.69 | Decreased | 65.25 | In the Banking Base Facility, Bayramoğlu Training Facilities and Darıca Archive Facility, the amount of natural gas used for heating has decreased compared to the previous year. Thus, there has been a reduction in greenhouse gas emissions from stationary combustion sources. General Directorate of Banking Operations In our offices (Banking Base and Plaza D Block), the fuel consumption of generators used in emergency cases has decreased compared to the previous year. Thus, there has been a reduction in greenhouse gas emissions from stationary combustion sources. Emissions from stationary combustion decrease from 3,464.4 CO2e (ton) in 2016 to 3,390.56 CO2e (ton) in 2017. A decrease of 2.13% was achieved. The use of extinguishing gases in our extinguishing systems for fire safety has been reduced compared to the previous year. Thus, greenhouse gas emissions from gas leaks have decreased. The emissions from gas leaks in 2016 were 7.484.2 CO2e (tons), while in 2017 it decreased to 414.35 CO2e (tons). There was a 94.46% decrease compared to the previous year. |
| Divestment | 0 | No change | 0 | |
| Acquisitions | 0 | No change | 0 | |
| Mergers | 0 | No change | 0 | |
| Change in output | 0 | No change | 0 | |

| | Change in emissions (metric tons CO2e) | Direction of change | Emissions value (percentage) | Please explain calculation |
|---|--|---------------------|------------------------------|----------------------------|
| Change in methodology | 0 | No change | 0 | |
| Change in boundary | 0 | No change | 0 | |
| Change in physical operating conditions | 0 | No change | 0 | |
| Unidentified | 0 | No change | 0 | |
| Other | 0 | No change | 0 | |

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 undertakes this energy-related activity |
|--|--|
| 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 MWh |
|---|---------------------------|----------------------------|--------------------------------|------------------|
| Consumption of fuel (excluding feedstock) | LHV (lower heating value) | 0 | 19908.3 | 19908.3 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 13664.17 | 18112.97 | 31777.14 |
| Consumption of purchased or acquired heat | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired steam | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired cooling | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Total energy consumption | <Not Applicable> | 13664.17 | 38021.27 | 51685.44 |

C8.2b

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

| | Indicate whether your organization undertakes this fuel application |
|---|---|
| Consumption of fuel for the generation of electricity | No |

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

C8.2c

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

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

16233.3

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

3308.33

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

366.67

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

74.1

Unit

kg CO2 per GJ

Emission factor source

IPCC FIFTH ASSESSMENT REPORT, 2014 (AR5)

Comment

Motor Gasoline

Emission factor

69.3

Unit

kg CO2 per GJ

Emission factor source

IPCC FIFTH ASSESSMENT REPORT, 2014 (AR5)

Comment

Natural Gas

Emission factor

56.1

Unit

kg CO2 per GJ

Emission factor source

IPCC FIFTH ASSESSMENT REPORT, 2014 (AR5)

Comment

C8.2f

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

Basis for applying a low-carbon emission factor

No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type

<Not Applicable>

MWh consumed associated with low-carbon electricity, heat, steam or cooling

<Not Applicable>

Emission factor (in units of metric tons CO2e per MWh)

<Not Applicable>

Comment

C9. Additional metrics

C9.1

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

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 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

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

[2017_YAPI KREDİ_14064_Verification Report_27.02.2018.pdf](#)

Page/ section reference**Relevant standard**

ISO14064-3

Proportion of reported emissions verified (%)

100

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Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[2017_YAPI KREDİ_14064_Verification Report_27.02.2018.pdf](#)

Page/ section reference**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 3 emissions and attach the relevant statements.

Scope

Scope 3- at least one applicable category

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

[Reporting Guidance - YKB.pdf](#)

[YKB Assurance Report 2017 - ENG.PDF](#)

Page/section reference

Relevant standard

ISAE3000

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 |
|---|--|-----------------------|--|
| C5. Emissions performance | Year on year change in emissions (Scope 1 and 2) | ISAE3000 | Our Scope 1 and Scope 2 emissions data is verified every year. Therefore our year on year change in emissions (Scope 1 and Scope 2) are verified indirectly. |

C11. Carbon pricing

C11.1

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

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

C11.2

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

No

C11.3

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

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

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

Yes, our suppliers

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

25

% total procurement spend (direct and indirect)

25

% Scope 3 emissions as reported in C6.5

9

Rationale for the coverage of your engagement

Within the scope of Yapı Kredi Sustainability studies, the bank demands compliance from 25% of its suppliers with the requirements of ISO 14001 in supplier contracts. These suppliers selected according to their priority in the generated income. Companies are ranked based on their audit performance and maintain their business relation with Yapı Kredi for the following years. This encourages suppliers to report on their water use as an incentive.

Impact of engagement, including measures of success

At Yapı Kredi, we aim to spread our corporate values and sustainability principles to the entire value chain. To this end, with the Responsible Procurement Policy which we published in 2016, we strive for reducing the environmental and social impacts of purchased products and services throughout the life cycle and we encourage all our suppliers to comply with Yapı Kredi's environmental, social and human rights criteria. In our procurement activities, we prioritize local suppliers, who accounted for 94% of our 1,624 suppliers in 2017. 50% of our suppliers in 2017 were either UNGC signatories themselves, or provided a signed statement of compliance with our environmental and social criteria. Suppliers' compliance is assessed through external audits every two years, and we plan to increase the ratio of compliant suppliers in the years ahead. Companies are ranked based on their audit performance and maintain their business relation with Yapı Kredi for the following years.

Comment

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?

Trade associations

Other

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

The Banks Association of Turkey (TBA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Yapı Kredi's CEO is a board member of the Banks Association of Turkey (TBA). TBA aims to develop and support good practices in the banking industry among its members. There is a working group named "Role of the Financial Sector in Sustainable Growth" which Yapı Kredi is an active member of. The aim of the working group is to create a general framework approach for banks with regards to protection of environment to be implemented in lending activities and other services. The working group has issued a sustainability guidance manual which is publicly available to all financial institutions in Turkey in Turkish and English for Banks to integrate climate change management into their governance structure.

How have you, or are you attempting to, influence the position?

Yapı Kredi is an active member of the Role of the Financial Sector in Sustainable Growth Working Group. The Bank is actively involved in the activities of the working group to create a framework and guidance for financial institutions for environmental and social protection in their lending activities, attending meetings and providing input to publications.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Support for WWF Turkey's Soul Campaign: Yapı Kredi establishes partnerships in the field of sustainability with various stakeholders including civil initiatives, NGOs, universities, and public agencies. In this context, Yapı Kredi has been supporting the World Wildlife Fund's (WWF) "Turkey's Soul" campaign since 2014, which aims to raise awareness on Turkey's bio-diversity and generate funds for projects aiming to preserve natural resources. The campaign includes a grant fund created by donations from individuals and organizations, and channelled towards NGOs for implementing their projects on environmental preservation.

Support for WWF's Earth Hour Campaign: Each year Yapı Kredi participates in the Earth Hour movement to raise awareness of all stakeholders on climate change. Yapı Kredi participates in the global movement by turning off all lights in its head office buildings, with the exception of security areas, for one hour. The Bank conducts internal communication efforts to encourage employees to participate personally as well.

UN Global Compact: Yapı Kredi acts in full compliance with environmental laws and regulations and accepts the main principles and norms stated by the UN Global Compact, also signed by its main shareholders Koç Holding and UniCredit, as well as the responsibilities and obligations stemming from it.

UNEP FI: In order to strengthen its commitment towards sustainable development Yapı Kredi joined the United Nations Environment Programme Finance Initiative (UNEP FI) by signing the Environment and Sustainable Development Statement. As being a global joint effort, UNEP FI plays a key role in the development of policies and tools that are designed to enable the finance sector manage its environmental and social risks.

In 2017, we became a signatory to the UN Global Compact Turkey's Declaration of Sustainable Finance, thereby taking a significant step towards integrating sustainability criteria into our loan allocation policies and raising awareness about responsible financing.

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?

Yapı Kredi Sustainability Committee is the highest authority that manages the decision-making processes of activities in the field of sustainability. The committee meets twice a year to monitor and guide developments with regards to sustainability. Within the scope of the monitoring efforts, direct and indirect activities are evaluated in terms of their consistency with the overall climate change strategy. Yapı Kredi Sustainability Working Group and its sub-working groups, formed with participation of relevant departments in various areas of expertise, work for putting the Sustainability Committee's decisions into practice. Sustainability sub-working groups focus on matters below:

- Direct Environmental Impacts
- Indirect Environmental Impacts
- Responsible Procurement
- Human Rights
- Anti-Bribery and Anti-Corruption
- Sustainable Products

Corporate Social Responsibility and Sustainability team coordinates the activities of the Sustainability Working Group and works in cooperation with other departments to execute the decisions taken by the Committee. Data consolidation, goal and performance follow up and, compliance with corporate sustainability policies (including climate change policy) are monitored by the Corporate Social Responsibility unit and reported regularly to the Committee.

Yapı Kredi has also established its Sustainability Management System with the objective of conducting all operations in compliance with the principles of sustainability, and at the same time, to shape its corporate governance structure in accordance with these principles. As a

part of this system, its direct and indirect activities are monitored and managed in terms of their environmental risks and impacts. This procedure is a part of the Bank's overall sustainability strategy that includes climate change strategy as well.

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

[Yapı Kredi Bankası Annual Report 2017.pdf](#)

Content elements

Governance

Publication

In voluntary sustainability report

Status

Complete

Attach the document

[SustainabilityReport2017.pdf](#)

Content elements

Governance

Strategy

Emissions figures

Emission targets

Publication

In voluntary communications

Status

Complete

Attach the document

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[geri dönüşüme destek 2017_linkiçi.jpg](#)

[2017 geri dönüşüm.jpg](#)

[ISO-14064-Sertifikası.jpg](#)

[geri dönüşüme destek 2017.jpg](#)

Content elements

Emissions figures

Emission targets

C14. 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.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

| | Job title | Corresponding job category |
|-------|-------------------------------|-----------------------------------|
| Row 1 | Chief Executive Officer (CEO) | Chief Executive Officer (CEO) |