

C0. Introduction

C0.1

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

Yapı Kredi (hereinafter: the Bank or Yapı Kredi), established in 1944 as Turkey’s first retail focused private bank with a nationwide presence, is the 3rd largest private bank in Turkey with total assets worth TRY 780.8 billion as of 2021 YE. The Bank has a strong shareholding structure which ensures sustainable and profitable growth. The Bank’s 9.02% of the shares are directly owned by Koç Holding A.Ş. while 40.95% are owned by Koç Financial Services, which is 100% owned by Koç Group. The Bank’s publicly traded shares on Borsa Istanbul stands at 32.03%. Yapı Kredi has always played a pioneering role in the banking sector and has been sustainably strengthening its market positioning through a customer-centric approach and focus on innovation. Targeting to constantly increase its contribution to the financing of the Turkish economy, the Bank provides service to its customers with 16,528 employees and 835 branches covering all regions of Turkey. Total cash and non-cash loans of the Bank on a consolidated basis was up by 47% and reached TRY 564.1 billion in 2021, while its total assets were worth TRY 780.8 billion.

Yapı Kredi delivers its products and services via its 4,601 ATMs, innovative internet banking, leading mobile banking, call center and approximately 967 thousand POS terminals. 97% of the Bank’s transactions carried out through digital channels as of 2021 YE. Yapı Kredi serves its customers through retail banking, SME (Small and Medium Size Enterprises) banking, corporate and commercial banking, private banking, supported by its subsidiaries which operates in asset management, brokerage, leasing and factoring as well as international banking operations in the Netherlands and Azerbaijan.

Yapı Kredi aims to ensure long-term sustainable growth and value creation for all stakeholders and become the first choice of customers and employees. The Bank’s strategy is being a customer-centric commercial bank driven by cutting edge technology and committed workforce, thus delivering responsible growth. In its activities, Yapı Kredi internalises a corporate governance concept built on integrity, responsibility and accountability, and operates on its eight values; sustainability, customer centricity, competitiveness, target orientation, resilience, agility, innovation, and productivity.

In Yapı Kredi, comprehensive sustainability approach is adopted in which social and environmental sustainability is an integral part of economic sustainability. In 2017, the Bank launched its Sustainability Management System (SMS) that allowed the Bank to further integrate sustainability to its business strategy. As part of the SMS, Environmental Management System and Environmental and Social Risk Assessment System were established. While managing its environmental and social impacts, Yapı Kredi also aims to contribute to sustainable development of society and transition to a low carbon economy. In that vein, the Bank targets to improve its product and service ranges that drive innovation and sustainable economic growth in accordance with the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement which guide its sustainability strategy.

Yapı Kredi puts its stakeholders at the centre of everything it does and focus on creating lifetime value and positive experience for them. Hence, the Bank forms its corporate business strategy through its material issues which are determined via its stakeholder analysis, external trends, executive inputs, and risks and opportunities. To review and update those material issues, the Bank regularly engages with its stakeholders to understand their needs and expectations from the Bank. With reference to its overarching stakeholder approach, Yapı Kredi aims to position itself more strongly alongside its stakeholders by being a constituent member of Borsa İstanbul (BIST) Sustainability Index since its launch in 2014 and BIST Corporate Governance Index since 2008. Bringing sustainable banking activities to international platforms, the Bank also started to be included in the FTSE4Good Emerging Markets Index, which measures the ESG performance of companies and is maintained by FTSE Russel, a global index provider wholly owned by London Stock Exchange Group. Moreover, Yapı Kredi attaches great importance to gender equality in the workplace and works towards the advancement of women in society. On this scope, Yapı Kredi outperformed the global and sectoral averages with its reporting under the Bloomberg Gender Equality Index in 2021 and qualified for 2022 Bloomberg Gender Equality Index (GEI).

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
Reporting year	January 1 2021	December 31 2021	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas in which you operate.

- Azerbaijan
- Netherlands
- 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 chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Insurance types underwritten	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	<Not Applicable>	Exposed to all broad market sectors
Investing (Asset manager)	No	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	No	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	No	<Not Applicable>	<Not Applicable>

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	YKBNK
Yes, an ISIN code	TRAYKBNK91N6

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	Yapi Kredi's sustainability related activities (including climate change) are managed under the supervision of the Sustainability Committee. The Committee is responsible for integrating sustainability in business processes and for monitoring, assessing and guiding the sustainability performance of Yapi Kredi. Climate-related risks & opportunities linked to operations as well as project finance and setting up strategies/defining targets with regards to reduction of emissions are part of the Sustainability Committee's responsibilities. Risks related to operation and financing activities are assessed and monitored by the Committee on a regular basis. The committee which is chaired by a Board Member meets quarterly to monitor and guide developments in relation to sustainability and periodically reports to the Executive Committee and to the Board of Directors. Members of the Sustainability Committee: Board Member (Chair), Commercial and SME Banking Management EVP, Financial Planning and Administration Management EVP (CFO), Corporate Banking Management EVP, Credits EVP, Compliance, Internal Control and Risk Management EVP, Human Resources, Organization & Internal Services Management EVP, Retail Banking Management EVP, Banking Operations SVP, Process and Program Management SVP, Strategic Planning and Investor Relations SVP, Corporate Communications SVP. SVP of Corporate Communications, directly reports to the CEO, is responsible for conducting the overall sustainability practices. Under SVP of Corporate Communications, Sustainability Team carries out all the practices regarding sustainable banking. Additionally, there are five working groups working under the guidance of the Sustainability Committee and Sustainability Team coordinates all the works of working groups. Climate-related topics also constitute an important agenda item of these working groups. Additionally, Process and Program Management SVP is responsible for the process of managing environmental impacts arising from operational activities. Climate-related topics such as emissions reporting and reduction initiatives are also included within the scope of the process designed for the management of environmental impacts. As an example of a climate-related decision made by the Sustainability Committee; the Committee decided to achieve net zero in Scope 1, Scope 2 and Scope 3 emissions by 2050.
Chief Executive Officer (CEO)	The CEO oversees and closely follows the progress in Yapi Kredi's sustainability targets. In 2021, the CEO has decided that the Bank will take its place among the companies that support the Climate-Related Financial Statements Task Force (TCFD). Certain critical decisions taken by the Sustainability Committee are sent to the approval of the Executive Committee including CEO. In 2021, Yapi Kredi gave a commitment to the SBTi and officially signed Business Ambition for 1.5°C. To reinforce these commitments, a study on climate risk analysis of the Bank's loan portfolio was launched with the decision of Executive Committee chaired by the CEO.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>Climate-related risks and opportunities to our own operations</p> <p>Climate-related risks and opportunities to our banking activities</p> <p>The impact of our own operations on the climate</p> <p>The impact of our banking activities on the climate</p> <p>The impact of our investing activities on the climate</p>	<p>Climate-related topics such as management of climate-related risks & opportunities linked to operational as well as lending activities and setting up strategies/defining targets with regards to reduction of emissions are part of the Sustainability Committee's responsibilities on the environmental dimension. The following risks are assessed and monitored by the Committee on a regular basis: • Risks related to operation (physical & legal risks) • Risks related to financing activities (physical risks of the investments/projects which might impact the environment & society, transition risk of the investments/projects which might arise due to regulatory developments) The committee meets quarterly to monitor and guide developments in relation to sustainability and periodically reports to the Executive Committee and to the Board of Directors every year. Based on the Sustainability Team's findings and suggestions, the Sustainability Committee establishes and guides a comprehensive management approach for Yapı Kredi consisting of: • Sustainability strategy • Plan of actions to be implemented • Risk management policies • Sustainability expenditures • Targets and objectives related to the sustainability performance of the Bank In 2021, the Sustainability Committee convened for 4 times in total. 2 of these meetings conducted in May and September were the regular meetings of the Committee. The Committee held additional 2 meetings in June and July in the form of strategy workshops. In addition to all these efforts, Yapı Kredi has taken and implemented new decisions in order to achieve sustainability targets including climate related issues in 2021. For this purpose, sensitive sectors have been redefined and sectoral norms for these sectors were updated with an emphasis on environmental and social risks, renewable energy and reducing carbon emissions. Besides, new decisions related to financing coal related investments were put in place by the Board such as "New coal mining and new coal fired thermal power plants will not be financed." which also aims at reducing the risks in coal-related investments. With the decision of Sustainability Committee, Yapı Kredi joined the Business Ambition for 1.5°C platform of the Science Based Targets Initiative in July 2021 and pledged to set its emissions reduction targets for limiting global warming to 1.5°C.</p>

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	The CEO, who is a member of the Board of Directors, have been undertaking a pioneer role on the management of sustainability in the Bank through his role on the approval and implementation of the decisions presented by the Sustainability Committee. Closely following the Yapı Kredi's sustainability agenda and performance, he has been continuing to explore new ways to improve the Yapı Kredi's vision and ability to combat and adapt to climate change. The Independent Board Member who is the chair of the Sustainability Committee is responsible for the sustainability practices of Yapı Kredi. He has strong knowledge on economics since he worked as the Chief Economist, and Head of Strategic Planning and Research at Yapı Kredi, respectively, between July 2004 and February 2009. So that, this know-how and experience enables him to understand green finance mechanisms which constitute the most significant accelerator to mitigate the adverse effects of climate change.	<Not Applicable>	<Not Applicable>

C1.2

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

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Sustainability committee	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our own operations	Annually

C1.2a

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

The Sustainability Committee is composed of senior leaders across every major line of business and support function.

- **Board Member (Chair):** Member of the Board of Directors carries out the duties of bringing the work conducted within the scope of the Sustainability Committee, the targets designated by the Committee and the results obtained through the work done by the Committee to the agenda of the Board of Directors. Additionally, he represents the Committee in the Board of Directors within the framework of the annual reporting performed by the Committee to the Board of Directors.
- **EVP of Credits** is responsible for the execution of Yapı Kredi's Environmental and Social Risk Assessment System, which was established to manage Yapı Kredi's environmental and social risks and impacts (including climate change) arising from its lending and investment activities. Additionally, emerging topics such as integration of climate risks into the credit underwriting procedures, client engagement on climate related issues etc. are followed up within the framework of the responsibilities of him.
- **EVP of Human Resources, Organization, Internal Services** is responsible for the execution of environmental trainings to raise awareness of climate change and water management, develop environmentally-sensitive behavior models internally and externally and keep employees informed about the latest regulatory developments.
- **EVP of Financial Planning and Administration (CFO)** contributes to integrate sustainability matters to the overall business strategy of Yapı Kredi. Additionally, he carries the responsibility to review and guide the business cases/new products developed to support sustainable finance.
- **EVP of Compliance, Internal Control and Risk Management** is responsible for compliance with laws and regulations (also with the ones related to environment and climate change) and for ongoing efforts related to integration of climate risks into credit risk rating modelling so that climate related scenario analyses and stress tests can be conducted in the future.
- **EVP of Retail Banking** is responsible for the development of retail banking products which support the mitigation of climate change such as green mortgage, EV/hybrid car loans, energy efficiency credits etc. Additionally, his responsibilities in terms of Yapı Kredi's sustainability practices involves also topics about financial inclusion and responsible lending.
- **EVP of Commercial and SME Banking Management** is responsible for the development of commercial banking products which support the mitigation of climate change. Additionally, his responsibilities in terms of Yapı Kredi's sustainability practices involves creating financial inclusion and responsible lending opportunities.
- **EVP of Corporate Banking Sales** is responsible for the development of corporate banking products which support the mitigation of climate change such as green loans and sustainability linked loans. Together with other members of the Committee he is also responsible for reviewing/revising Yapı Kredi's lending policies in line with climate change issues.
- **SVP of Banking Operations** is responsible for integration of climate risks into banking operations to support sustainable finance activities.
- **SVP of Strategic Planning and Investor Relations** is mainly responsible for the alignment of Yapı Kredi's business strategy and with its sustainability strategy. From this perspective, he reviews and guides the business cases/new products developed to support sustainable finance. Additionally, he closely monitors the results of the corporate sustainability ratings of Yapı Kredi.
- **SVP of Process and Program Management** contributes to integrate sustainability matters to the overall business strategy of Yapı Kredi. He is responsible for the execution of the relevant management and reporting systems related to Yapı Kredi's direct environmental impacts arising from its operations. One of the most important issues addressed within the scope of environmental impacts arising from operational activities is emissions reporting and management.
- **SVP of Corporate Communications** is responsible for conduction of the overall sustainability practices at Yapı Kredi. There is a dedicated Sustainability Team reporting to the SVP of Corporate Communications coordinates all sustainability related issues.

Sustainability Team's responsibilities include:

- Following and assessing global trends/developments and inducing their implementation within the company upon the approval of the Sustainability Committee,
- Coordinating the work conducted by sustainability working groups,
- Monitoring and reporting the targets set by the Sustainability Committee,
- Consolidating sustainability related data for annual reporting purposes,
- Monitoring/guiding management of direct and indirect environmental impacts,
- Conducting internal and external communication related to sustainability topics including climate related subjects.

C1.3

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Yapı Kredi monitors its direct and indirect environmental performance with targets and improvements. The Bank has strategic targets covering greenhouse gas emission reduction, energy efficiency, water efficiency, and waste management for annual, 5-year, and 10-year periods. Related targets are included in the performance evaluation processes of the teams that implement, manage and follow the projects. Performance evaluations against the determined targets are examined and evaluated within the framework of the results of internal audits conducted at least once a year and management review meetings every 6 months. The main purpose of the management review process is to evaluate the annual performance in line with the Environmental Management System objectives, monitor the effectiveness of the system in practice, and ensure its continuous improvement. Review activities are supported by the senior management.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	The KPI stated below, which address emission reduction, constitutes one of the KPIs set for the CEO: Neutralizing the Scope1 and Scope 2 emissions arising from the Bank's operational activities.
Executive officer	Monetary reward	Emissions reduction target	The KPI stated below, which address energy efficiency and emission reduction, constitutes one of the KPIs set for the Executive Vice President - Technology, Data and Process Management Implementation of projects for efficiency and resource saving (energy, water, etc.) through process improvements and ensuring compliance with the norm staff target.
Executive officer	Monetary reward	Emissions reduction target	The KPI stated below, which address energy efficiency and emission reduction, constitutes one of the KPIs set for the Senior Vice President - Process and Program Management: Implementation of projects for efficiency and resource saving (energy, water, etc.) through process improvements and ensuring compliance with the norm staff target.
Executive officer	Monetary reward	Portfolio/fund alignment to climate-related objectives	The KPI stated below, which address portfolio/fund alignment to climate-related objectives, constitutes one of the KPIs set for the Executive Vice President- Corporate Banking Management: Development of sustainable finance products (such as Green Loans, Sustainability Linked Loans, etc.) and increasing the share of these products in the corporate and commercial bank are decided to be identified as part of related staff's annual goals, achievement of these targets will be considered during the annual bonus evaluations.
Other, please specify (Project Finance, Business Development, and Reporting Manager)	Monetary reward	Portfolio/fund alignment to climate-related objectives	Development of sustainable finance products (such as Green Loans, Sustainability Linked Loans, etc.) and increasing the share of these products in corporate and commercial bank are decided to be identified as part of related staff's annual goals, achievement of these targets will be considered during the annual bonus evaluations.
Other, please specify (Project Finance, Business Development, and Reporting Specialist)	Monetary reward	Portfolio/fund alignment to climate-related objectives	Development of sustainable finance products (such as Green Loans, Sustainability Linked Loans, etc.) and increasing the share of these products in corporate and commercial bank are decided to be identified as part of related staff's annual goals, achievement of these targets will be considered during the annual bonus evaluations.
Other, please specify (Manager of Technical Building Management Team)	Monetary reward	Emissions reduction target	Targets related to Greenhouse Gas (GHG) emission reduction, energy efficiency, water efficiency and water management projects are classified under three categories: annual, 5- and 10-year targets. These targets are included in the performance assessment processes of the relevant team which implements, leads and monitors the relevant projects. An example for an emission reduction target: Reducing the emissions resulting from energy consumption by supplying 45% of total electricity for 2021 from renewables within the scope set by the Bank.
Other, please specify (Environmental Engineer)	Monetary reward	Emissions reduction target	Targets related to Greenhouse Gas (GHG) emission reduction, energy efficiency projects are classified under three categories: annual, 5 year and 10 year targets. These targets are included in the performance assessment processes of the relevant team which implements, leads and monitors the relevant projects. An example for an emission reduction target: Reducing the emissions resulting from energy consumption by supplying 45% of total electricity for 2021 from renewables within the scope set by the Bank.
Other, please specify (Sustainability & CSR Manager)	Monetary reward	Company performance against a climate-related sustainability index	There are several targets with related to sustainability, but some of them are related to climate change topics: -Alignment with the TCFD recommendations -Supporting development of sustainable finance products which support mitigation of climate change -Supporting and guiding the development of science based emission reduction targets (Scope 1, 2, and 3) Achievements of these targets are being considered during the annual bonus evaluations.
Other, please specify (Sustainability & CSR Assistant Manager and Supervisor)	Non-monetary reward	Company performance against a climate-related sustainability index	There are several targets with related to sustainability, but some of them are related to climate change topics: -Alignment with the TCFD recommendations -Supporting development of sustainable finance products which support mitigation of climate change -Supporting and guiding the development of science based emission reduction targets (Scope 1,2, and 3). Achievements of these targets are being considered during the annual bonus evaluations.
All employees	Monetary reward	Behavior change related indicator	In order to disseminate a responsible and sustainable banking concept across the organization, every year, Yapı Kredi provides a training program covering all environmental, social and governance factors, including sustainability, environmental management system, environmental and social risk assessment. Yapı Kredi backs its training activities with interactive workshops and initiatives. Furthermore, the Bank developed an internal communication plan on sustainability so that sustainability is embraced and understood by the employees. The communication media to be used for this initiative include internal mailing, internal Bizler+ platform and KoçHub, the in-Group platform of the Koç Group companies. During 2021, the Bank's employees received 453 hours of general sustainability training. During the reporting period, all related internal employees received a total of 546 hours of training regarding the utilization of the ESRA (Environmental and Social Risk Assessment System).
All employees	Monetary reward	Behavior change related indicator	The employees convey the creative ideas they conceive based on their own experiences or customer feedbacks to the Bank via the Evreka (Eureka) Idea Management platform. Accessible by all employees, the platform collects ideas about various subjects including enhancement of green initiatives such as conserving natural resources, reducing waste and promotes the conversion of employees' creative ideas into projects that will create value. Employees have been rewarded for their suggestions if their idea is the first of its kind and selected. Furthermore, 5,539 new project ideas have been handed-in through Evreka.

C-FS1.4

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

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated	Provide reasons for not incorporating ESG criteria into your organization's employment-based retirement scheme and your plans for the future
Row 1	No, but we plan to in the next two years	<Not Applicable>	We are considering offering an employment-based retirement scheme that incorporates ESG principles in the upcoming years.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	Short-term horizon is determined considering the Bank's short-term environmental targets such as supplying 100% of the Bank's electricity consumption from renewables.
Medium-term	1	5	Mid-term horizon is determined based on the current regulative environment in national and international levels.
Long-term	5	10	Long-term horizon is driven by the Bank's target to reduce its Scope 1 and Scope 2 absolute emissions arising from its operational activities by 76% by 2030 compared to the base year 2019.

C2.1b

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

Yapı Kredi defines **substantive financial or strategic impact** as;

1) Financially;

Possibility of financial loss more than TRY 150 million is "very high" risk level.

Possibility of financial loss between TRY 25-150 million is "high" risk level.

Possibility of financial loss between TRY 250,000-25 million is "moderate" risk level.

Possibility of financial loss up to TRY 250,000 is "low" risk level.

2) Reputational loss; significant loss of reputation among all stakeholders such as customers, employees, suppliers, strategic partners, leading to massive public reactions or media / social media crisis,

3) Operationally; system disruptions, service interruptions or failure to sustain operations due to the significant increase in the workload driven by social or environmental hazards,

4) Legally; disruptive consequences such as suspension of operations, licenses revocation or senior management condemnation driven by the breach of laws and legislation.

Yapı Kredi identifies its climate related risks stemming from its operational activities based on Internal Environmental Impact Assessment method that uses L-Type Matrix method. L-Type Matrix method grades environmental risks by calculating weight ratios with a 5*5 scoring system. As a result of this assessment, any situation that falls under Yapı Kredi's substantive financial or strategic impact definition (provided above) would be considered climate related substantive financial or strategic impact resulting from Yapı Kredi's all operational activities in Turkey. The risks identified within this assessment are not based on business units but on core business activities.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Risk management process

A specific climate-related risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

At Yapı Kredi, risk management unit, which comprises of more than a hundred risk experts, functions under the Audit Committee with the purpose of measuring, monitoring,

reporting and keeping under control the potential risks that the Bank may be exposed to on standalone and consolidated bases. To do this, international and national regulatory frameworks and methods are taken into consideration. The Audit Committee convened 4 times throughout 2021 with the required majority and quorum satisfied. The responsible executive for risk management at the highest level is the Executive Vice President for Compliance, Internal Control and Risk Management. Yapı Kredi regards climate-related risk management as one of the top priority topics with respect to the Bank's compliance with the future regulatory frameworks, investor expectations and its reputation in the eyes of its stakeholders. Hence, the climate-related risks due to the Bank's direct operations are evaluated under the operational risk, reputational risk, credit risk and environmental risk areas. Yapı Kredi determines its risks and opportunities according to its substantive financial and strategic impact both on its own operations and banking activities. Based on this, the impacts of climate-related risks arising from its direct operations such as operational consumption are assessed in accordance with the Internal Environmental Impact Assessment. The Bank categorizes climate risks and opportunities in two groups as physical and transitional. In this context, the Bank defines risks as extreme weather, extreme temperatures, national and international regulations related to climate change, stakeholder expectations, market expectations changing with the transition to a low carbon economy and emerging technologies in this area. The implications of these risks and opportunities for Yapı Kredi are determined with the collaboration of different units in the Bank considering the national and international regulations, trends and initiatives. A forward-looking capital planning approach has been embraced in order to sustain the Bank's operations in the event of losses resulting from contingencies or deterioration in the markets. The Bank monitors the number of inundation incidents, cost of physical damage resulting from extraordinary weather events, the Bank's operational GHG emissions, GHG emission intensity and the Bank's energy consumption within the scope of climate risks. The Bank keeps a close eye on the potential risk indicators that may arise within the frame of possible regulations in the period ahead. At Yapı Kredi, potential risks that may arise from extraordinary weather events are addressed in an integrated manner, and necessary infrastructural measures related to climate change are taken for branches and regional offices. As part of the combat against climate change, Yapı Kredi calculates and obtains verification of its Scope 1, Scope 2 and Scope 3 GHG emissions in accordance with the international standard. and conducts emission reduction projects. The Bank obtains limited assurance statement for its Scope 1, Scope 2 and Scope 3 GHG emissions in accordance with ISAE 3410 International Standard on Assurance Engagements. Physical Risk Case Study: Within the frame of its strategy to fight climate crisis for defining its devastating effects, the Business Continuity Management Policy of the Bank is a guidance for minimizing operational risks. Yapı Kredi ensures business continuity through the Emergency Response Plan, and Crisis Management and Business Recovery Plans. The frequency of periodic maintenance activities such as isolation and the maintenance of drainage pumps were increased in order to be prepared climate-related risks. In order to mitigate the risk of flooding, the branches purchased sandbags that hold back rising floodwaters. 50 sandbags are purchased per branch, 50×14 (branch number) = 700 sandbags in total. Market price of a sandbag is around TRY 140. $700 \times 140 =$ TRY 98,000 cost of sandbags for 14 branches. Transitional Opportunity: A renewable based energy transition is considered as an opportunity to decrease emissions arising from fossil fuel consumption in direct operations of Yapı Kredi. In 2021, the Bank provided 33,668 MWh of the total electricity need at all service points from renewable energy sources and avoided approximately 16,324 tCO_{2e} emissions. Additionally, LED lighting systems have been gradually being switched in the Head Office and branches since 2019. TRY 814,220 was invested for the transition to LED lighting systems in 2020 and TRY 571,975 was invested in 2021. In 2022, the planned investment for this LED transition project is approximately TRY 1,000,000 and 330,000 kWh of electricity will be saved annually with this investment. These investments will continue until 2030 and it is aimed to save a total of 2,842,000 kWh of electricity (~1231 tCO_{2e} reduction).

Value chain stage(s) covered

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Basic approaches to climate related risks are addressed also in the Reputational Risk Policy and Lending Policies, which are approved by the Board of Directors. Matters related to risk areas and critical sectors (not environment friendly establishments, nuclear energy, mining and thermal power plant industry, water infrastructure and dam industry, etc.) are defined by the reputational risk management guidelines and are also assessed within the scope of the Environmental and Social Risk Assessment (ESRA) system. The Bank monitors the share of fossil fuel projects in the energy portfolio and carbon footprint of the project finance energy portfolio. Yapı Kredi aims to expand responsible and sustainable business practices across the entire value chain, and adopts responsible finance notion. Within the scope of corporate and commercial banking, the Bank assesses all new investment, project finance and financial advisory projects with an investment amount of USD 10 million and above within the scope of the Environmental and Social Risk Assessment (ESRA) system. At Yapı Kredi, the ESRA System is carried out by an expert team under the Corporate and Commercial Loans Department. The Assistant General Manager of Credits is responsible for the execution of the system. With this system, the risk category is determined for projects, upon which corresponding action and monitoring plans were created. Environmental and social risk categories are defined as follows: Category A: Business activities that have an adverse environmental or social risk and/or impact that is diverse, irreversible or unforeseen, and of significant severity Category B: Business activities that have an adverse 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. In order to monitor all environmental and social issues associated with investments, which are categorized under Risk Category A or B, actions to be taken against the potential risks and necessary monitoring activities to be followed are determined depending on the classifications of both the customers and the project. Customers are informed about the actions to be taken according to their project risk score. Moreover, compliance department monitors all regulatory changes including the Environmental Law and related regulations. The risk assessment framework covers the short, medium and long-term effects, since these effects vary throughout the different stages of the project/investment such as the construction phase and/or the operation phase. The risks are monitored until the maturity of the loan. Yapı Kredi performs the risk assessment at the beginning of the project but continues to conduct site visits and monitor the implementation of the action and management plans of the project with the frequency that is determined by the nature of the project/investment. In majority of the cases the site visits are conducted more than once a year, but the frequency of the site visits may vary depending on the sector of investment. During 2021, 22 investments were assessed within the scope of the ESRA System; these investments were allocated a total credit line of USD 685.3 million as at December 2021. Physical Risk Case Study: As part of the credit risk assessment process, Yapı Kredi reviews technical reports of the projects including water flow trends of hydro-power resulting from environmental issues including climate change. As a result of chronic physical risks such as extreme heatwaves, water flows might be reduced and evaporation might have significant impact on the hydroelectric power production capacity. Therefore, a technical analysis report is prepared regarding water flow fluctuations for hydroelectric power plant projects. After this technical analysis Yapı Kredi conducts internal stress tests to measure the climate risks within the scope of the credit risk. In addition, cumulative impact assessment is required in accordance with both Turkish Environmental Impact Assessment (EIA) regulation and ESRA system. Thus, project risks are determined by evaluating the cumulative effects within the region and the basin. This might affect the capacity of power generated through water flow to meet the average and the peak power demands which might lead to financial risks including further consideration of the project's viability. Transitional Risk Case Study: Yapı Kredi, effectively managing its operational and lending activities for a sustainable future, has declared that it will not finance new coal-fired thermal power plants and new coal mining projects with its updated policies. Except for having significant environmental impacts on the environment, these kind of projects carry also transitional risks to a great extent. Additional to this sectoral approach, the approach utilized within the ESRA System also serves for identification of such risks, since this system also requests for some actions/implementations based on the sector in which the customer operates and/or to which the project belongs. As part of current/emerging regulation risks, investments in certain sectors that are carbon intensive, might be subject to national environmental regulations such as installation of filters on thermal power plants. Within the scope of ESRA System, Yapı Kredi determines whether a particular project/investment requires additional environmental precautions (such as gas filter installation) to comply with environmental regulations. Within the scope of the assessment conducted through the ESRA system, Environmental Impact Assessment (EIA) Regulation documentation (EIA Report, Project Description File, opinion letters, rulings, etc.) is reviewed, and Yapı Kredi's ESRA team and/or independent environmental and social consultant conduct site visits to verify environmental compliance of the projects/investment.

Value chain stage(s) covered

Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Yapı Kredi works to diversify its sustainable products and services portfolio and strengthen its sustainability-associated collaborations with international financial institutions. On this scope, the Bank issued its first Green Bond in 2020. In December 2020, the Bank undersigned a total funding of USD 558 million participated by six investor banks within the scope of the DPR program. The portion of USD 340 million will be allocated to support green, social and sustainable loans. To ensure those sources are allocated to the green projects, the Bank established its Sustainability Finance Framework in accordance with the ICMA principles. In May and October 2021, the Bank obtained syndicated loan facilities linked to ESG performance criteria, amounting approximately to USD 1.7 billion in total, which will be used for foreign trade finance. The sustainability performance targets defined for these loans incorporate goals for increasing the Bank's purchase of electricity from renewable sources and improvement of its Environmental, Social and Governance (ESG) Risk Management score. In addition, in June 2021, the Bank signed a loan agreement for EUR 15 million with the Green for Growth Fund (GGF) to be on-lent to energy efficiency and renewable energy projects. In the third quarter of this reporting year, the Bank carried out a repurchase agreement for EUR 225 million linked to ESG performance criteria with the Bank of America. In addition, risks and opportunities stemming from supply chain of the Bank are monitored as part of the Sustainability Management System (SMS). With the Responsible Procurement Policy introduced on 21 December 2016, the Bank prioritizes suppliers that reduce GHG emissions in their purchasing processes, support low-carbon transition, and choose efficient manufacturing methods that reduce natural resource consumption and waste generation. The Bank also urges all its suppliers to comply with the Bank's environmental, social and human rights criteria. Within the scope of Yapı Kredi's policy, suppliers who fail to comply with the abovementioned matters are requested to resolve such noncompliance. Yapı Kredi may terminate the commercial relations with suppliers that do not embrace the compliance process and/or fail to make the necessary corrections within the specified period. To access the Responsible Procurement Policy: https://www.yapikredinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf

C2.2a**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	On October 2021, the "Law on the Approval of the Ratification of the Paris Agreement" entered into force by the Turkish Parliament and Turkey has declared its net zero emissions target by 2053. Moreover, in line with the European Green Deal, Republic of Turkey Ministry of Trade published the Green Deal Action Plan intended to facilitate Turkey's adaptation to the recently accelerated policies for combating climate change in international commerce. To achieve full compliance with the new regulatory framework, Yapı Kredi closely monitors current national and international developments, and takes the necessary actions. The Bank's ESRA system are regularly updated according to the relevant regulatory frameworks to reduce and manage its direct or indirect risks, which are caused by client's activity. While assessing the environmental impacts of investments, the ESRA System also takes into account air emissions and air quality modelling studies, includes Regulation on the Monitoring of Greenhouse Gas Emissions, which aims to regulate the procedures and principles regarding the monitoring, reporting and verification of the greenhouse gas emissions originating from certain activities. Non-compliance with current regulations related to climate related topics can cause risks in relation to Yapı Kredi's operations. Therefore, current regulations in relation to the operational activities of Yapı Kredi are also considered as a part of climate related risk assessment. The Regulation on Increasing Efficiency in the Use of Energy and Energy Resources covers the procedures and principles with regards to increasing energy efficiency, encouraging the use of alternative fuels and administrative sanctions through dissemination of energy efficiency services. In order to comply with this regulation a dedicated and certified energy manager is appointed at Yapı Kredi facilities. In accordance with the obligation to provide information on the use of energy use in the buildings, annually declarations are prepared and submitted through the online portal of the ministry in the required format.
Emerging regulation	Relevant, always included	Business world and the regulators in Turkey, which ships nearly half of its exports to the European Union (EU), initiated work in relation to the potential implications of the European (EU) Green Deal (EU) announced in 2019. The Bank classifies this as transitional risk. It is directly link to credit risk since companies engaged in exports will likely be remarkably affected by the new regulatory frameworks, primarily the EU Green Deal. These new regulations will impose additional costs for companies operating in carbon-intensive sectors. These costs might negatively affect the financial performances of companies, which might possibly lead to increased probability of default. The impacts of transition risks arising from Yapı Kredi's operational activities are measured using Environmental Impact Assessment. The Risk Department monitors certain Key Risk Indicators (KRIs) to manage operational risks, while the Compliance Department follows up all regulatory changes including the Environment Law and other related regulations. As a result of the Environmental Impact Assessment and monitoring efforts, activities likely to give rise to financial, reputational, operational or legal risks are defined as climate change-related activities with financial and strategic implications. Additionally, the Bank follows the implications of the carbon border adjustment mechanism (CBAM) that will be launched under the Deal. Upon the introduction of the mechanism envisaged as a component of the EU Emissions Trading System (ETS), the regulatory agencies in Turkey might possibly introduce an emissions trading system or carbon tax aligned with the EU in Turkey. In this context, Yapı Kredi intends to support its customers' transition to low carbon economy with the financial solutions it offers and to avert the potential risks that might arise within the scope of the arrangement. The Bank will keep supporting renewable energy and energy efficiency projects and will more actively interact with its customers in relation to topics including environmental and social impact management, new regulations including the EU Green Deal.
Technology	Relevant, always included	Inclusion in the climate related risk assessment: Yapı Kredi gives priority to new technologies in projects within ESRA System to support mitigating climate related risks. As part of the ESRA System, Yapı Kredi requests the clients to use "good international industry practices", which include using the latest technologies in order to support resource efficiency. For example, the Bank requests from investors to invest in latest flue gas filter system technologies. Yapı Kredi closely follows technological developments and employs them in combating climate risks by developing projects such as energy emission reduction initiatives, energy efficiency projects. These projects enable Yapı Kredi to reduce its climate related impacts arising from its operations. Studies are carried out on the use of new technological lighting systems that will provide energy efficiency, the commissioning of new generation heating boilers, and the supply of energy from renewable sources (solar). The entire electricity consumption (1,354 MWh) of Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Culture and Arts Publishing (YKKSİY), Yapı Kredi Portfolio and Yapı Kredi Investment companies, which are the Bank's subsidiaries, was supplied from renewable sources, resulting in a reduction of approximately 631 tCO ₂ e. Also, within the scope of the environmental targets for 2022, the Bank aims to move towards being carbon neutral by reducing its emissions through low carbon technologies in operational activities and by purchasing carbon credits within the framework of energy efficiency action plans and unavoidable emissions.
Legal	Relevant, always included	Yapı Kredi follows up any legal requests in order to reduce climate related legal risks through ESRA System. ESRA System requests several legal permits such as Environmental Permit and License, and official letter and report for Environmental Impact Assessment (EIA) of clients while making decisions on loan disbursement. While Yapı Kredi's operational activities are not included in any carbon pricing system (Emissions Trading System, Cap & Trade, or Carbon Tax), the Bank shifted to the shadow carbon pricing practice in 2021, and has been performing its calculations assuming EUR 30 carbon tax per tonne of carbon dioxide in the light of international studies.
Market	Relevant, always included	The recent regulatory developments indicates that investments will be diversified more to enhance green finance mechanisms and low-carbon economy in the coming period. In line with the global sustainable finance commitments, in 2021, Turkey's New Economic Reform Package, the Sustainability Finance Framework of MoTF and the CMB's draft Green Bond and Sukuk Guideline were launched to guide financial sector players and build capacity to enable development of innovative products on sustainable and green finance. To increase the diversity and volume of its sustainable finance product, Yapı Kredi develops many products and services within the frame of sustainable finance such as renewable energy and energy efficiency loans, nature friendly mortgage, nature friendly auto loans and Clean Energy Fund. In a similar vein, the Bank also targets to increase the number and volume of the sustainability themed funds secured from international financial institutions. The Bank offered financial advisory service for the USD 750 million green bond issue carried out in August 2021 by a pioneering and leading company in the renewable energy industry. The Bank secured syndication loans linked to sustainability criteria amounting to USD 962 million and USD 822 million from international markets. Additionally, the Bank executed a sustainability-linked repo transaction of EUR 225 million in cooperation with Bank of America. These loans entail sustainability criteria for increasing the supply of electricity from renewable sources and further enhancing the Bank's ESG risk management rating. All in all, facilities tied to sustainability criteria made up more than 70% of the external funding secured in 2021 amounted to USD 3.4 billion. The total amount of the Bank's sustainability-linked funding, on the other hand, accounted for 30% of its total external borrowings. Also, in December 2021, Yapı Kredi updated its Sustainable Finance Framework again in accordance with the ICMA principles.

	Relevance & inclusion	Please explain
Reputational	Relevant, always included	Basic approaches to climate related risks are addressed also in the Reputational Risk Policy and Lending Policies, which are approved by the Board of Directors. Matters related to risk areas and critical sectors (not environment friendly establishments, nuclear energy, mining and thermal power plant industry, water infrastructure and dam industry, etc.) are defined by the reputational risk management guidelines and are also assessed within the scope of the Environmental and Social Risk Assessment (ESRA) system. A forward looking capital planning approach has been embraced in order to sustain the Bank's operations in the event of losses resulting from contingencies or deterioration in the markets. The Bank monitors the number of inundation incidents, cost of physical damage resulting from extraordinary weather events, the share of fossil fuel projects in the energy portfolio, carbon footprint of the project finance energy portfolio, the Bank's operational GHG emissions, GHG emission intensity per Bank employee (Scope 1 and Scope 2) and the Bank's energy consumption within the scope of climate risks. Yapı Kredi's Reputational Risk Policy also covers climate change related reputational risks for example a reputational damage from financing certain projects including but not limited to mining and fossil fuel power plant projects which do not comply with environmental requirements. In line with its Reputational Risk Policy, Yapı Kredi manages and monitors any reputational risk such as an environmental damage that might occur from its lending activities through the ESRA System, media scans and Key Risk Indicators. Industries with environmental and social risks are identified within the scope of the Reputational Risk Policy. For these sectors, sectoral norms are developed within the scope of the Reputational Risk Policy taking international standards and best practices into account. Loan requests are evaluated within the scope of the Environmental and Social Risk Assessment system. In this context, holistic compliance with these principles, which starts from the management level and reaches the branch level, is essential. Believing in the importance of transparency regarding climate-related risks, the Bank joined the supporters of the Task Force on Climate-related Financial Disclosures (TCFD) in January 2021.
Acute physical	Relevant, always included	Acute physical risks such as drought, flood, landslide, heatwaves, floods, wildfires and storms, as well as extreme precipitation may affect the Bank's both direct operations and lending activities. According to the flood map of the Disaster and Emergency Management Presidency (AFAD – Turkey), Northeast Anatolia Region is more prone to recurrence of flood events. However, a study of the map, which shows that morbidity rates are scattered across all regions of Turkey, suggests that impacts may be high even in the case of a low-possibility disaster and several cities can be identified as high risk and very high risk category in terms of climate change. Hence, Yapı Kredi considers acute physical risks as relevant since the Bank conducts its operations and lending activities with its 804 branches all over Turkey. The impacts of physical and transition risks arising from Yapı Kredi's operational activities are measured using Environmental Impact Assessment. The Risk Department monitors certain Key Risk Indicators (KRIs) to manage operational risks, while the Compliance Department follows up all regulatory changes including the Environment Law and other related regulations. The Bank also employs Business Continuity Management Policy to minimise the risks that might threaten the continuity of the Bank's operations, and to ensure resumption of critical products and services within acceptable times in case of possible interruptions. The policy is regularly updated and submitted for the approval of the Board of Directors. Acute risks can also have an impact on the Bank's credit risk indirectly via its customers and become a threat to a certain part of the Bank's loan portfolio. Therefore, the Bank included acute physical risk factors in its climate risk assessment. The physical assets of the Bank's customers (retail and corporate customers) such as housing, inventory, property, equipment or infrastructure can be damaged or destroyed by these acute physical risk drivers. The Bank utilized the historical and forward looking data sourced by the Turkish State Meteorological Services (MGM) which considers the number of occurrences of climate-related natural incidents with regards to flooding, landslides, wildfire and rock fall. Research studies have shown that being exposed to flooding results in decreased prices for homes. Considering the Bank's mortgage customers, decreased home prices would lead to reduced values of collateral and increased probability of default.
Chronic physical	Relevant, always included	Yapı Kredi considers chronic physical risk as relevant, since Yapı Kredi conducts its operations and lending activities all over Turkey and according to the climate risk map of Turkey several cities can be identified as high risk and very high risk category in terms of climate change. As a result of this a certain part of Yapı Kredi's loan portfolio is exposed to severe climate change risks. Therefore Yapı Kredi included chronic physical risk factors in its climate risk assessment. Physical risks arising through climate change can have an impact on Yapı Kredi's credit risk indirectly via its customers. Chronic physical risks are mostly related to increasing temperature, rising sea levels, repeated (chronic) flood etc. Physical risks arising through climate change can have an impact on Yapı Kredi's credit risk indirectly via its customers. The physical capital of Yapı Kredi's customers (retail and corporate customers) such as housing, inventory, property, equipment or infrastructure can be damaged or destroyed by these chronic physical risk drivers. Yapı Kredi utilized the historical and forward looking data sourced by the Turkish State Meteorological Services (MGM) which considers the number of occurrences of climate-related natural incidents with regards to flooding, landslides, wildfire and rock fall. Flooding constitutes one of the risks considered within the assessment of Yapı Kredi. Repeated flooding could damage properties and lead to large decreases in the values of residential real estate. Yapı Kredi's credit risk may increase due to the decreased collateral values of its mortgages in impacted areas. As stated in Turkey 2021 Climate Assessment report, the average temperature of 19.3 °C in 2021 increased by 1.7 °C compared to 2020 and by 2.6 °C compared to the long-term average. Yapı Kredi assesses the potential impacts of environmental risks such as rising temperatures on its business through credit risk assessment including but not limited to its ESRA System. Yapı Kredi's lending activities are located in Turkey, located in the Mediterranean Basin, which will be greatly affected by the rising average temperatures. It is anticipated that the potential capacity cuts of hydroelectric power plant projects financed by Yapı Kredi may increase the credit risk of these projects and affect Yapı Kredi's corporate and commercial banking activities.

C-FS2.2b

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

	We assess the portfolio's exposure	Explain why your portfolio's exposure is not assessed and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2c

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

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Banking (Bank)	A specific climate-related risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	Internal tools/methods	Being aware of the transformative power of financial sector on the real economy, main approaches to climate related risks are addressed in the Reputational Risk Policy and Lending Policies, which are approved by the Board of Directors. Matters related to risky areas and critical sectors in terms of environment (non-environment friendly establishments, nuclear energy, mining and thermal power plant industry, water infrastructure and dam industry etc) are defined by the reputational risk management general principles. Yapı Kredi manages all of its environmental impact including climate change and water risks stemming from its lending activities through Environmental and Social Risk Assessment (ESRA) system which has been launched based on the national legislation and the International Finance Corporation's (IFC) Performance Standards. In addition, Yapı Kredi conducted a separate climate related risk management process in 2021. The first step of the process was to create a climate risk map of Turkey at city level based on historical data from the Turkish State Meteorological Services (MGM). MGM provides the number of occurrences of climate related natural incidents between 1900-2021 for flooding, landslides, wildfire and rock fall. On top of this, again from the same source, the climate change projections with respect to climate metric averages between 1970 and 2000 of change in temperature (in oC) and change in rainfall (as %) were collected and included into the analysis. On the historic data, 5 different risk rating categories from "Very low" to "Very high" were defined. On the projections of MGM again the same 5 risk categories were identified for each city based on the severity of the change in both rainfall and temperature. There was no specific scenario at country level but each city was individually assessed and assigned a risk category. MGM provides the data related to its projections based on base case and high case scenarios. These two scenarios are also provided in a very granular way at city level. The Bank's climate risk analysis was conducted for both of these scenarios. At the second step, the Bank's whole loan portfolio (retail, corporate, commercial, SME, project finance) was analyzed on a city level. For the retail loans, the main KPI was considered as the location of collateral with regards to mortgages and the location of individuals with regards to other retail loan categories. For the corporate, commercial, SME and project finance loans; collateral were again considered where available, especially with regards to project finance loans. At the third of the analysis the two data sets were put together to understand the overall risk level of The Bank's loan portfolio based on the risk rating of each single city. This allowed the bank to understand how much loan exposure it has in the different cities with different risk ratings. A matrix was used to determine a final risk level for each city which incorporates also the forward-looking view on climate change. The Bank's transition risk assessment approach was carried out by analyzing international frameworks and external inputs to define transition risk thresholds and superimposing The Bank's company loan portfolio onto this structure. Since the retail loans carry only physical risk, they were excluded during the analysis of the transitional risks. While deciding on the transition risk categorization of different sectors, The Bank considered different frameworks including the UNEP Finance Initiative Transition Heatmap, the Moody's Environmental Risks Heatmap as well as Bain's internal analysis leveraging international experience and multisectoral center of excellence. Accordingly, 5 different risk rating categories from "Very low" to "Very high" were determined for the different sectors in which The Bank has loan exposure. According to the analysis results the sum of the "high" and "very high" risk categories represented 12% of The Bank's total portfolio. By making use of this data The Bank's loan book was divided up by sector and allocated a risk rating. The breakdown by sector was done at a macro sector level (i.e. utilities, construction etc.) and the Bank intends to extend this analysis to include a more granular breakdown of the portfolio to sub-sector level (i.e. renewable energy vs. traditional) to make it more accurate in the upcoming period. At the final stage, both of these risks (physical and transition) were included into a dashboard to demonstrate the overall profile of The Bank's loan book in terms of climate risks. In January 2021, the Bank joined among the supporters of the Task Force on Climate-related Financial Disclosures (TCFD) in a reiteration of its commitment to the combat against global climate crisis and effective management/disclosure of climate-related risks and opportunities.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information	Explain why you do not consider climate-related information and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio

Banking (Bank)

Type of climate-related information considered

Emissions data
 Energy usage data
 Emissions reduction targets
 Climate transition plans

Process through which information is obtained

Directly from the client/investee
 From an intermediary or business partner
 Data provider
 Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
 Transportation
 Other, please specify (Infrastructure, Manufacturing, Mining)

State how this climate-related information influences your decision-making

Yapı Kredi manages all of its environmental impact including climate change and water risks stemming from its lending activities through Environmental and Social Risk Assessment (ESRA) system which has been launched based on the national legislation and the International Finance Corporation's (IFC) Performance Standards. Under this system, all new investments and projects which have an investment amount of USD 10 million and above are evaluated. This ESRA system is carried out by an expert team under the Corporate and Commercial Loans Department. The Executive Vice President of Credits, who is also the member of the Sustainability Committee, is responsible for the execution of this system. As per ESRA, initially all loan requests received by the Bank are evaluated with respect to the Bank's lending policies and the Exclusion List contained in the Environmental and Social Policy. Activities that are under the Bank's exclusion list and do not comply with those policies are not financed under no circumstances. Under the ESRA System, investments are examined under various environmental and social management parameters within the scope of national and international standards. Based on the outcome of the assessment performed using sector-specific question sets, the relevant investment's associated risk category is defined as high risk (Category A), medium high (Category B+), medium low (Category B-) and low (Category C). Upon the risk category, action and monitoring plans are created in cooperation with the project or investment owner. If the risk category is under high-risk one, oversight of these actions is carried out under the supervision of independent consultants. Following the defining of environmental and social risk score, customers are informed about the actions to be taken. The risk assessment framework which covers the short, medium and long-term effects is monitored until the maturity of the loan. The Bank conducts site visits and monitors the implementation of the action and management plans of the project. In 2021, 22 investments were evaluated within the scope of the ESRA System, and a total of USD 685.3 million credit limit was allocated to these investments. Investments evaluated within the scope of ESRA in 2021 are as follows; Infrastructure:USD 233.8 million, Mining:USD 141.9 million, Manufacturing USD 138.3 million, Hydroelectric power plant:USD 158.1 million, Solar Power Plant:USD 4.7 million, Biomass Power Plant:USD 8.5 million.

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 & Primary climate-related risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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Primary potential financial impact

Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

Flooding: IPCC Changes in Climate Extremes and their Impacts on the Natural Physical Environment Report suggests that anthropogenic influence on changes in some components of the water cycle (precipitation, snow melt) affect floods. Although direct impact of climate change on floods is open for discussion, it is suggested that higher precipitation levels and snow melts that are also triggered by climate change lead to higher potential for flooding. Warmer atmosphere levels lead to heavier precipitation and evaporation levels, triggering floods. Moreover, rising temperatures that cause snow melts in the mountains can lead to winter flooding. According to Disaster and Emergency Management Presidency's (AFAD-Turkey) flood occurrence mapping in Turkey, Northeastern Anatolia region is more prone to reoccurrence of flooding incidents. However, when the map is analyzed it is observed that death rates are dispersed throughout all regions of Turkey, suggesting that even in the lower probability of disaster occurrence the impacts can be high. Yapı Kredi has 835 branches located in all regions of Turkey. In the case of a flooding incident Yapı Kredi's operational continuity can be effected.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

490600

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In 2021, material damage occurred due to extreme weather events in 21 branches of Yapı Kredi (Flood: 14 Branches, Storm:5 Branches + Banking Base +Yeniköy Grove). The total cost of the loss, which increases the capital expenditure, is TRY 377,384. The calculation is based on the insurance invoices. In a scenario where the probability of these disasters increases in the short term and thus causes a 30% increase in the cost of damage, this would equal to a potential financial impact of TRY 377,384 TRY 377,384*1.3 = TRY 490,600

Cost of response to risk

98000

Description of response and explanation of cost calculation

Action implemented: Yapı Kredi's Business Continuity Management Policy is a guidance for minimizing operational risks. Yapı Kredi ensures business continuity through the Emergency Response Plan, and Crisis Management and Business Recovery Plans. The frequency of periodic maintenance activities such as isolation and the maintenance of drainage pumps were increased in order to be prepared and avoid such events. It is difficult to find lasting solutions to decrease the risk of flooding when a branch is located near a river, but in order to mitigate these kind of risks the branches purchased sandbags that hold back rising floodwaters. 50 sandbags are purchased per branch, 50*14 (branch number)= 700. Market price of a sandbag is around TRY 140. 700* TRY 140= TRY 98,000 (Cost of sandbags for 14 branches)

Comment

No additional comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
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Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Draft regulation on the CBAM, which is the most comprehensive GHG emission regulation system, was published on July 14, 2021. As part of the CBAM, direct emissions from simple and complex products are calculated for sectors such as cement, electricity generation, fertilizer, iron and steel, aluminium for every quarter from 2023 to 2025. As one of the most important trading partners of the EU, Turkey will be one of the countries most exposed to the CBAM. These new regulations will impose additional costs for companies operating in these carbon-intensive industries. These costs may adversely affect the financial performance of the companies resulting in the increase of the probability of default. Consequently, this may increase the credit risk.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

1400000000

Explanation of financial impact figure

The financial impact of those sectors are measured by their exposure in Yapı Kredi. For this purpose, the companies operating in these sectors are determined in 2021. Then, the Bank considered the companies whether they have export relationships with the EU and also checked if they have carbon mitigation strategy plan or activities in place. At the end of this process, the companies are classified based on their payback capability. The companies of which financial structure are expected to be under the risk are determined as potential risks for the financials of Yapı Kredi.

Cost of response to risk

Description of response and explanation of cost calculation

In order to determine the effects of transition risks associated with the CBAM and other regulations, the Bank uses the Environmental and Social Risk Assessment (ESRA) Model in its loan allocation processes. The calculation is based on the outstanding loan amount of companies in the sectors on the scope of CBAM in Yapı Kredi B/S. Among them, the outstanding amount of companies which may have financial risk in the future (nearly TRY 1.4 billion) are divided by total outstanding amount of loan portfolio (TRY 403 billion) in 2021 YE. Based on this calculation, 0.34% of total loan portfolio) may go into NPL (non-performing categories).

Comment

No additional comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Banking portfolio

Risk type & Primary climate-related risk driver

Market	Changing customer behavior
--------	----------------------------

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Market risk

Company-specific description

Shift in consumer and business partners (stakeholders) expectations may have many effects on sectors. For some of them, it may create sales decrease where as for others can result in sales increase. In addition, increasing investor scrutiny could result in increased cost due to new liabilities such as reporting and accountability requirements whereas it could also create new business opportunities. Traditional ways of doing business, consumer behavior and expectations are changing rapidly. The Bank's compliance with future regulations and the expectations of investors and stakeholders is a priority issue of Yapı Kredi's risk management in the field of sustainability.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Due to market risk, price volatility may be observed in cement, energy renewables & non renewables, agriculture and food, natural resources including metals and mining, tourism and transportation/logistics sectors. The Financial Markets Policy and its annexes, which direct all treasury transactions and market risk management functions of Yapı Kredi, determine the competencies and procedures in the relevant field, as well as include all detailed provisions regarding these areas.

Cost of response to risk**Description of response and explanation of cost calculation**

Yapı Kredi has a Sustainable Finance Framework that complies with international and local regulations. In this context, priority is given to green investments by accelerating the transition to low-carbon economy investments. In addition, the Bank monitors environmental risks, including climate risks, and ensures the integration of these risks into business models.

Comment

No additional comment

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?

Upstream

Opportunity type

Markets

Primary climate-related opportunity driver

Other, please specify (Climate financing opportunities from IFIs)

Primary potential financial impact

Other, please specify (Increased funding opportunities from IFIs)

Company-specific description

Following the Paris Agreement, international investments for climate change adaptation and mitigation activities increased all over the world. In 2020, climate financing commitments by world's largest Multilateral Development Banks (MDBs) advanced to USD 66 billion (TRY billion 484.4 calculated according to the exchange rate as of 31 December 2020) according EBRD's MDB Climate Finance Report. 58 % of the total, equals to USD 38 billion (TRY billion 278.9 calculated according to the exchange rate as of 31 December 2020), was committed to low- and middle-income countries. This funding opportunity creates an opportunity not only in the renewable energy sector but also in other low carbon activities such as energy efficiency, clean transportation, green buildings etc. Accordingly, Yapı Kredi's chances of accessing to funding for financing projects/investments that address climate related risks have increased in 2021 as well.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4766728500

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In 2021, Yapı Kredi continued to support green transition to a green economy including by securing funds from international markets by diversifying its funding sources. As a result of Yapı Kredi's effort to integrate climate change strategy into its business strategy, Yapı Kredi is able to provide good financing options to its clients, an outstanding case, which makes the Bank favourable among other competitors and increase its chances of accessing additional funding. In 2021, financial impact figure represents a EUR 15 million loan provided from GGF – Green for Growth Fund which will be allocated to projects providing 15% energy saving or 15% carbon emissions reduction at advantageous rates. Also, USD 340 million of DPR deal in 2021 allocated to support green, social and sustainable loans within the scope of Yapı Kredi's Sustainable Finance Framework. The calculation has been made as follows: (USD 340 million * 13.353 (USD/TRY)) + (EUR 15 million * 15.1139 (EUR/TRY)) = TRY 4.767 million

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

Yapı Kredi prioritizes offering "climate-oriented products" that support increasing the renewable energy capacity and energy efficiency in order to accelerate its collaboration with international financing institutions, thus increasing its chances of accessing to capital. For the continued collaboration Yapı Kredi ensures that it complies with the requirements of loan agreements. Yapı Kredi launched its Sustainability Management System in 2017 to ensure that it has an internationally accepted standard in place with regards to environmental and social management of its lending activities which is sufficient for its collaboration with IFIs. Moreover, Yapı Kredi is in the process of updating its IT infrastructure to better monitor the environmental and social risk management process of its lending activities. Currently Yapı Kredi's cost to realize opportunity is close to zero because Yapı Kredi's ESRA System is implemented by a full time staff of the Bank that does not require any additional costs of management and other expenses (e.g. documentation, translation) throughout the collaboration with IFIs. Therefore, the cost is considered to be negligible. Company specific example: the Bank undersigned a total funding of USD 558 million comprised of USD 445 million and EUR 100 million participated by six investor banks within the scope of a Diversified Payment Rights (DPR) program. Of the DPR deal, the portion of USD 340 million will be allocated to support green, social and sustainable loans. To ensure the source is allocated to the relevant loans, Yapı Kredi's Sustainable Finance Framework was updated in 2021.

Comment

No additional comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced direct costs

Company-specific description

The Paris Climate Agreement provides international mechanisms to promote climate-friendly finance, carbon trading, technology transfer and adaptation to climate change impacts. This situation accelerates the relevant actions of international, sub-national and private sector organizations to achieve the national emission reduction plan targets. Many governments around the world have made Nationally Determined Contributions (NDCs) commitments to support and implement the Paris Agreement. These commitments have brought opportunities to increase investment in climate change mitigation measures such as renewable energy technologies, smart grids and energy storage. As a result of this situation, renewable energy projects have fallen to more feasible costs compared to previous years. As a result of its long-standing efforts regarding carbon, Yapı Kredi achieved a 38.43% reduction in Scope 2 emissions of for all the Bank's locations including the subsidiaries abroad in 2021 compared to 2019. In 2021, within the scope of combating the global climate crisis, approximately 16,324 tCO₂e reduction was achieved by supplying 35,022 MWh (including subsidiaries in Turkey) of electricity from renewable energy sources. 869 tCO₂ was saved with the transition to energy efficient lighting systems. Studies on energy efficiency and energy

supply from renewable sources will continue in the coming years.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

73730000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The details of the projects to be conducted in order to reach the target within the scope of the transition plan to a low carbon economy in the next ten years and the opportunities provided by the projects are as follows: 1. The estimated saving is TRY 25,700,000 with regards to the gradual transition to energy efficient lighting systems (transition to LED lighting project), at the end of a 10-year period, 2. The estimated saving is TRY 12,500,000 with regards to the transition to natural gas in the heating systems of the branches heated by air conditioners, at the end of a 10-year period, 3. The estimated saving is TRY 1,930,000 with regards to renewable energy generation by installing solar energy panels on the roofs of the Banking Base Buildings and branches, at the end of a 10-year period, 4. The estimated saving is TRY 2,200,000 with regards to the replacement of the heating boiler located in Plaza B Block at the end of a 10-year period, 5. The estimated saving is TRY 29,000,000 with regards to the gradual transition to hybrid vehicles in company car fleet at the end of a 10-year period, 6. The estimated saving is TRY 2,400,000 with regards to the employment of dishwashers in branches at the end of a 10-year period. After the implementation of all these projects, in 2021, TRY 1,874,585.20 saving was realised. At the end of 10-year period as stated above, it is predicted that approximately 367,466 tCO₂e will be reduced. On this course, Yapı Kredi will purchase carbon certificates to offset the unavoidable Scope 1 emissions generated due to the use of natural gas at buildings for heating purposes.

Cost to realize opportunity

30120000

Strategy to realize opportunity and explanation of cost calculation

It will continue its investments by developing and implementing new energy efficiency projects in the upcoming 10 years. 1. The estimated investment and operation cost is TRY 14,400,000 with regards to the gradual transition to energy efficient lighting systems (transition to LED lighting project), at the end of a 10-year period, 2. The estimated investment and operation cost is TRY 5,400,000 with regards to the transition to natural gas in the heating systems of the branches heated by air conditioners, at the end of a 10-year period, 3. The estimated investment and operation cost is TRY 120,000 with regards to renewable energy generation by installing solar energy panel on the roofs a branch, at the end of a 10-year period, 4. The estimated investment and operation cost is TRY 3,600,000 with regards to the employment of dishwashers in branches at the end of a 10-year period. 5. The estimated investment and operation cost TRY is 3,300,000 with regards to the supply electricity from renewable sources at the end of a 10-year period. 6. The estimated investment and operation cost TRY is 3,300,000 with regards to the purchase of carbon credits at the end of a 10-year period. Since the implementation of the below stated projects will not require direct investment, the costs related to these projects have not been specified. After the implementation of all these projects, it is predicted that approximately 367,466 tons of CO₂e will be reduced at the end of 10 years. • Establishment of a solar energy power plant at the Banking Base facility • The replacement of the boiler at the Plaza D Block building • Gradual transition of the Bank's vehicles in its pool to hybrid vehicles

Comment

No additional comment

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?

Row 1

Transition plan

Yes, we have a transition plan which aligns with a 1.5°C world

Publicly available transition plan

Yes

Mechanism by which feedback is collected from shareholders on your transition plan

We do not have a feedback mechanism in place, but we plan to introduce one within the next two years

Description of feedback mechanism

<Not Applicable>

Frequency of feedback collection

<Not Applicable>

Attach any relevant documents which detail your transition plan (optional)

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future

<Not Applicable>

Explain why climate-related risks and opportunities have not influenced your strategy

<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario		Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios	NGFS scenarios Framework	Portfolio	<Not Applicable>	Turkey's Intended Nationally Determined Contribution (INDC) are a main input to the scenario analysis of Yapı Kredi. In 2015, Turkey submitted its INDC to the United Nations Framework on Climate Change Convention (UNFCCC). The methodology of INDC based upon using the IPCC 2006 Guidelines and IPCC 2013 KP Supplement. In 2021, Turkey ratified the Paris Agreement and committed to achieve "net-zero carbon emissions" by 2053. In addition to the country's INDC, Yapı Kredi relies on the IPCC Sixth Assessment Report and the IPCC Special Report on Global Warming of 1.5°C and consider Network for Greening the Financial System (NGFS) scenarios Framework to make scenario analysis in line with its target to achieve net zero by 2050. Therefore the Bank targets to reduce the carbon intensity of its portfolio through gradually reducing lending to fossil fuel or climate vulnerable borrowers/clients/projects. Moreover, Yapı Kredi carried out a climate change risk assessment on its loan portfolio based on the Turkish State Meteorological Services (MGM) Base and High Case Scenario. Through this assessment, two main dimensions as physical and transitional risk were analysed. The methodology utilized for this purpose involved both qualitative and quantitative tools. While calculating the transition risks, risks associated with reputation, technology, policy & legal and market were considered.
Transition scenarios	Customized publicly available transition scenario	Portfolio	1.5°C	Turkey's Intended Nationally Determined Contribution (INDC) are a main input to the scenario analysis of Yapı Kredi. In 2015, Turkey submitted its INDC to the United Nations Framework on Climate Change Convention (UNFCCC). The methodology of INDC based upon using the IPCC 2006 Guidelines and IPCC 2013 KP Supplement. In 2021, Turkey ratified the Paris Agreement and committed to achieve "net-zero carbon emissions" by 2053. In addition to the country's INDC, Yapı Kredi relies on the IPCC Sixth Assessment Report and the IPCC Special Report on Global Warming of 1.5°C and consider Network for Greening the Financial System (NGFS) scenarios Framework to make scenario analysis in line with its target to achieve net zero by 2050. Therefore the Bank targets to reduce the carbon intensity of its portfolio through gradually reducing lending to fossil fuel or climate vulnerable borrowers/clients/projects. Moreover, Yapı Kredi carried out a climate change risk assessment on its loan portfolio based on the Turkish State Meteorological Services (MGM) Base and High Case Scenario. Through this assessment, two main dimensions as physical and transitional risk were analysed. The methodology utilized for this purpose involved both qualitative and quantitative tools. While calculating the transition risks, risks associated with reputation, technology, policy & legal and market were considered.
Physical climate scenarios	Customized publicly available physical scenario	Portfolio	1.5°C	The Bank's transition risk assessment approach was carried out by analysing international frameworks and external inputs to define transition risk thresholds and put the Bank's loan portfolio onto this structure. Since the retail loans carry only physical risk, they were excluded during the analysis of the transitional risks. While deciding on the transition risk categorization of different sectors, the Bank took into account different frameworks including the UNEP FI Transition Heatmap, the Moody's Environmental Risks Heatmap as well as Bain's internal analysis leveraging international experience and multi-sectorial centre of excellence. Accordingly, 5 different risk rating categories from "Very low" to "Very high" were determined for the different sectors in which the Bank has loan exposure. By making use of this data, Yapı Kredi's loan book was divided up by sector and allocated a risk rating. The breakdown by sector was done at a macro sector level (i.e. utilities, construction etc.) and the Bank intends to extend this analysis to include a more granular breakdown of the portfolio to sub-sector level (i.e. renewable energy vs. traditional) to make it more accurate in the upcoming period. At the final stage, both of these risks (physical and transition) were included into a dashboard to demonstrate the overall profile of Yapı Kredi's loan book in terms of climate risks.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

- 1) How would Yapı Kredi's portfolio be affected as the result of new regulatory developments to realize Turkey's Intended Nationally Determined Contributions (INDCs)?
- 2) How would Yapı Kredi's portfolio's risk exposure be affected over time due to changing temperatures in Turkey?

Results of the climate-related scenario analysis with respect to the focal questions

- 1) With the adoption of the Paris Climate Agreement by the Parliament on October 6, 2021, an important threshold has been exceeded for the transition process to the low carbon economy of our country and growth in renewable energy. The terms of national regulations and the sectors that will be included in the agreement are closely monitored by the Bank. On July 14, 2021, a draft regulation on the CBAM was published and submitted for consideration. As part of the CBAM, direct emissions from simple and complex products are calculated for sectors such as cement, electricity generation, fertilizer, iron and steel, aluminium at the first stage for every quarter from 2023 to 2025. As one of the most important trading partners of the EU, Turkey will be one of the countries most exposed to the CBAM. In this context, Yapı Kredi aims to prevent the risks that may occur within the scope of the regulation by providing support to the transition of its customers to a low carbon economy with the financial solutions it offers. In order to minimise the effects of transition risks associated with the CBAM and other regulations, the Bank uses the Environmental and Social Risk Assessment Model in its loan allocation processes. 2) The first step of the Bank's climate change risk assessment approach was to create a climate risk map of Turkey at city level based on historical data from the Turkish State Meteorological Services (MGM). Accordingly, the climate change projections with respect to climate metric averages between 1970 and 2000 of change in temperature and change in rainfall were collected and included into the analysis. On the historic data, 5 different risk rating categories from "Very low" to "Very high" were defined based on percentile distribution of occurrences of the different categories of climate-related natural incidents. There was no specific scenario at country level but each city was individually assessed and assigned a risk category. MGM provides the data related to its projections based on base case and high case scenarios. These scenarios are also provided in a very granular way at city level. At the second step, the Bank's whole loan portfolio (retail, corporate, commercial, SME, project finance) was analysed on city level. For the retail loans, the main KPI was considered as the location of collateral with regards to mortgages and the location of individuals with regards to other retail loan categories. At the third step of the analysis, the two data sets were put together to understand the overall risk level of Yapı Kredi's loan portfolio based on the risk rating of each single city. A matrix was used to determine a final risk level for each city which incorporates also the forward-looking view on climate change. This allowed the Bank to understand how much loan exposure it has in different cities with different risk ratings. Since the retail loans carry only physical risk, they were excluded during the analysis of the transitional risks.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	In the years ahead, the need for sustainable finance flow will further increase within the scope of the transition to sustainable economy. Sustainable finance solutions and instruments will become the mainstream financing services. The financial services sector will then be expected to guide the real sector through advisory services under its sustainable/green finance product offerings. Hence, sustainable finance has been one of the main pillars of the Yapı Kredi's Sustainability Strategy. In accordance with Turkey's plan to decrease its dependency on gas imports through increased renewable energy capacity, Yapı Kredi's lending activities including Corporate and Commercial Banking, and Retail Banking will be influenced by this opportunity especially in the renewable energy, green building, green transportation and energy efficiency areas. The volume of renewable energy loans in the balance sheet reached approximately USD 1.9 billion and accounted for 42% of the project finance energy portfolio. Besides its own sources, in 2021, the Bank continued to cooperate with international financial institutions including the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD) and Proparco, a subsidiary of the French Development Agency, to contribute to the financing of renewable energy projects. Furthermore, the Bank continued to service its customers in 2021 with its Nature-Friendly Mortgage and Nature-Friendly Auto Loan products. In 2021, Yapı Kredi secured also syndicated loans linked to the sustainability criteria amounting to USD 962 million and USD 822 million from international markets. The sustainability criteria linked was to increase the Bank's purchase of electricity sourced from renewables. Besides syndications, the Bank executed a sustainability-linked repo transaction of USD 250 million in cooperation with Bank of America. All in all, facilities tied to sustainability criteria made up more than 70% of the external funding secured in 2021 amounted to USD 3.4 billion. In the period ahead, the Bank continue to diversify its sustainable product portfolio in line with the country's INDC scenario and transition roadmap in order to generate value for the economy, people and the planet at the same time.
Supply chain and/or value chain	Yes	Yapı Kredi repeated the impact analysis study, which was carried out for the first time in 2020 in line with the requirements of the UN PRB, with the second version of the Portfolio Impact Analysis Tool, which was updated in 2021. As a result of the repeated analysis, the Bank determined the areas to focus in terms of target setting as Inclusive, Healthy Economies (Financial Health and Inclusion), Climate (Climate Change) and Economic Convergence (Gender Equality) which are compatible with the Bank's sustainability strategy. As one of the principle requirements of the UN PRB, Yapı Kredi committed to engage with its value chain regarding climate related issues and report on its progress annually on this matter. In order to better align with the UN PRB and raise awareness on climate related issues within its value chain, Yapı Kredi works on an online curriculum on Environmental Management System and climate change to share with its suppliers and other relevant stakeholders. In the current practice, the Bank monitors the impact its suppliers on the environment as part of Sustainability Management System (SMS). With the Responsible Procurement Policy launched in 2016, the Bank prioritizes suppliers that reduce GHG emissions in their purchasing processes, support low-carbon transition, and choose efficient manufacturing methods that reduce natural resource consumption and waste generation. Yapı Kredi also urges all its suppliers to comply with the Bank's environmental, social and human rights criteria.
Investment in R&D	Evaluation in progress	With a customer-centric and innovative approach to the banking, since 2015, Yapı Kredi has a strategic plan to digitalize its banking activities and has been investing heavily on R&D. In line with the new normal across the world, the Bank continues to offer all services out of its branches with its comprehensive digitalization efforts. Since 2015, Yapı Kredi Technology has been carrying on its works for innovative, high added-value and R&D-focused products and projects in the finance sector in the İstanbul Technical University Arı Technopark. Upon establishment of the Onsite R&D Center located in Yapı Kredi Bank Çayırova campus in 2019, R&D-focused innovative projects began to be executed from out of two different locations. In 2021, Yapı Kredi Technology sat down at the table with various financial institutions and started negotiations for commercialization of existing R&D and Innovation products. Digitalization process continued to contribute reducing paper consumption which means decreasing Scope 3 emissions of the Bank as well. As part of the paperless transaction and digitalization initiatives, 85% of transactions were performed using digital approval at the Bank in a paperless manner in 2021. Moreover, the number of robots and robotic processes increased to 30 and 137, respectively. roughly 23 million transactions and controls were performed by robots in the reporting year. Thus, Yapı Kredi's contribution to the environment also takes the form of paper saving. Overall, innovative investments and digital processes offered to employees and customers at Yapı Kredi help eliminate the paper used for numerous transactions. In 2021, 113 million pieces of paper were saved annually and approximately 9,605 trees were saved from being cut down.
Operations	Yes	In order to better manage its climate related risks from its operations Yapı Kredi annually reports on its emissions data in line with ISO 14064 standard. Aiming to make a strategic progress on its operations' impact on climate, Yapı Kredi has continued to invest in renewable energy and energy efficiency in its locations. In line with Turkey's INDC scenario, Yapı Kredi increasingly incorporates climate change issues into its operational scenario planning. Therefore, the Bank has planned roadmap in the short, medium and long term with the determined strategies to achieve its environmental goals. As one of the important operational strategic decisions, the Bank set the net zero target by 2050 for the sum of Scope 1, Scope 2 and Scope 3 emissions. Based on this, in 2021, the Bank provided 39% of the total electricity need at all service points from renewable energy sources and avoided GHG emissions. Moreover, under a collaboration with Yapı Kredi Leasing and Arçelik, the Bank converted Yapı Kredi Bodrum Branch into a "Sustainable Branch" with solar panels installed on its rooftop. In addition, Yapı Kredi will be gradually transitioning to energy efficient lighting systems in all locations. To date, 869 tCO2e savings were achieved through the transition to energy efficient lighting systems and energy efficiency practices. It is also planned to switch from air conditioners to natural gas for the branches in which air conditioners are used for the heating purposes. In 2021, the installation process of natural gas was completed for 13 branches and this transition will continue according to the locations of branches and the availability of natural gas transmission line. For the upcoming period, the Bank plans to put energy efficiency methods into practice such as replacing the natural gas boiler in Plaza D with more energy efficient one in 2022.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Capital expenditures	Yapı Kredi takes into account its direct impact while managing its operational costs. For this purpose, Yapı Kredi determines the budget to be allocated to the procurement of renewable energy and the costs of energy efficiency projects in its financial planning every year. In this context, possible future renewable energy investments for self-consumption such as energy efficient office materials, lighting, renewable electricity purchases, solar panels are considered as direct operating costs in the financial planning. Case Study: Within the scope determined by the Bank, it is aimed to supply 45% of the total electricity consumption in 2021 from renewable sources. Within the determined scope from renewable energy sources, the Bank provided 33,868 MWh of renewable electricity in total. In 2022, it is aimed to supply 100% of the Bank's electricity consumption from renewable energy sources. Time Horizon Covered: Yapı Kredi aims to continually direct its operational costs towards renewable energy and energy efficient products and services. Nevertheless in line with its scenario analysis based on Turkey's INDC for Paris Climate Agreement, the imminent time horizon is 2030.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's transition to a 1.5°C world?

No, but we plan to in the next two years

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

Yes, our framework includes both policies with client/investee requirements and exclusion policies

C-FS3.6a

(C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Type of policy

Credit/lending policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_environmental_and_social_policy.pdf

Environmental_and_Social_Policy.pdf

Criteria required of clients/investees

Other, please specify (Performance Standards of the International Finance Corporation (IFC))

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Energy

Materials

Capital Goods

Commercial & Professional Services

Transportation

Automobiles & Components

Consumer Durables & Apparel

Consumer Services

Retailing

Food & Staples Retailing

Food, Beverage & Tobacco

Household & Personal Products

Health Care Equipment & Services

Pharmaceuticals, Biotechnology & Life Sciences

Software & Services

Technology Hardware & Equipment

Semiconductors & Semiconductor Equipment

Telecommunication Services

Media & Entertainment

Utilities

Real Estate

Exceptions to policy based on

<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

Coverage: Within the scope of the Bank's current business processes, all loan requests, regardless of limit, are evaluated in line with the public Environmental and Social Policy in addition to internal lending policies and the Exclusion List included in the aforementioned policy. The loans or projects which are included in the Exclusion List of the Bank are not financed under any circumstances. Exception: In addition to these policies, within the framework of the "Assessment of Environmental and Social Risks in Lending Activities" procedure, all new investment and project financing loans and project finance advisory services with an investment amount greater than or equal to USD 10 million are subject to the environmental and social assessment. For identifying, preventing or minimizing the environmental and social risks involved in projects and investments that will be financed, Yapı Kredi implements the Environmental and Social Risk Assessment (ESRA) that was launched in 2017 based on the national legislation and the International Finance Corporation's (IFC) Performance Standards. In order to align the scope of the ESRA System with the Equator Principles, improvements were made in 2021 with reference to the national legislation, the International Finance Corporation's Performance Standards (IFC PSs) and the Equator Principles. Based on the outcome of the ESRA system, the relevant investment's associated risk category is determined. If the project or investment is found to be in the high-risk category, action and monitoring plans as well oversight of those plans are carried out under the supervision of independent consultant through cooperation with the project customer.

C-FS3.6b

(C-FS3.6b) Provide details of your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Portfolio

Banking (Bank)

Type of exclusion policy

Thermal coal
Coal mining
Power from coal

Year of exclusion implementation

2021

Timeframe for complete phase-out

Other, please explain (Although there is no specific timeframe publicly disclosed by Yapı Kredi, the Bank aims to exclude industries exposed/contributing to climate-related risks from lending activities in time under its net zero target by 2050 .)

Application

New business/investment for new projects

Country/Region the exclusion policy applies to

Other, please specify (The exclusion policy of the Bank covers all countries/regions.)

Description

With the aim of minimizing environmental risks and the transition to a low-carbon economy and combating climate change, in 2021, Yapı Kredi has declared not to finance thermal coal-fired power plants and new projects engaged in coal mining as per its new policies and included these activities in its Exclusion List. Moreover, there are some activities such as fuel from liquefied coal and arctic oil and gas which have not been activated in Turkey yet. For this reason, Yapı Kredi does not provide funding to those activities as well.

C-FS3.8

(C-FS3.8) Does your organization include covenants in financing agreements to reflect and enforce your climate-related policies?

	Climate-related covenants in financing agreements	Primary reason for not including climate-related covenants in financing agreements	Explain why your organization does not include climate-related covenants in financing agreements and your plans for the future
Row 1	Yes	<Not Applicable>	<Not Applicable>

C-FS3.8a

(C-FS3.8a) Provide details of the covenants included in your organization’s financing agreements to reflect and enforce your climate-related policies.

Types of covenants used	Asset class/product types	Please explain
Purpose or use of proceeds clause refers to sustainable project Margin or pricing depends on sustainability criteria Minimum level of green assets mandated Legal mandate to obtain third party verification Covenants related to compliance with your policies	Corporate loans Retail loans Corporate real estate Project finance	Within the scope of its sustainable finance activities that make up a pillar of its sustainability strategy, Yapı Kredi provides financial solutions to sustainable development issues through sustainability-linked loans. During the allocation process of those loans, specific KPIs which is compatible with the LMA Sustainability-Linked Loan Principles are determined by cooperating with the customer. Those KPIs are added to the loan agreement as the provisions of margin and price advantage and monitored based on the certain timeframe. Moreover, the Bank offers renewable energy and energy efficiency loans, Nature-Friendly Mortgage and Nature-Friendly Auto Loans. These loans are provided based on predefined conditions and the necessary documentations are collected by customers to add to the lending agreement between the customer and the Bank.

C4. Targets and performance

C4.1

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

Absolute target
Intensity target

C4.1a

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

Target reference number

Abs 1

Year target was set

2020

Target coverage

Company-wide

Scope(s)

Scope 1
Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

<Not Applicable>

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO2e)

17249

Base year Scope 2 emissions covered by target (metric tons CO2e)

41338

Base year Scope 3 emissions covered by target (metric tons CO2e)

<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

58587

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2035

Targeted reduction from base year (%)

100

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

0

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

15717

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

25450

Scope 3 emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

41167

% of target achieved relative to base year [auto-calculated]

29.7335586392886

Target status in reporting year

Underway

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

The Bank aims to reduce its Scope 1 and Scope 2 absolute emissions arising from its operational activities by 76% by 2030 and by 100% by 2035 compared to the base year 2019. The coverage of emissions for Scope 1 & Scope 2 in both 2019 and 2021 comprises emissions includes the Bank's Head Office and facility buildings, branches, and subsidiaries ((Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Bank Nederland N.V., Yapı Kredi Bank Azerbaijan, Yapı Kredi Technology Inc., Yapı Kredi Culture Arts and Publishing). The base year was selected as 2019 since this year has been the first period of being verified through ISO 14064 Standard covers all locations of the Bank.

Plan for achieving target, and progress made to the end of the reporting year

As the first step to achieve those targets, the Bank aims to reduce its Scope 2 emissions by purchasing renewable electricity. In 2021, the Bank provided 39% of the total electricity need at all service points from renewable energy sources and avoided 16,324 tCO₂e. Moreover, under a collaboration with Yapı Kredi Leasing and Arçelik, the Bank converted Yapı Kredi Bodrum Branch into a "Sustainable Branch". With solar panels installed on its rooftop, the branch supplies 17% of its electricity consumption from renewable energy. The electric vehicle that will be allocated to the branch will use the electric vehicle charging station that will be powered by the solar panels. On scope of this "Sustainable Branch Initiative", 20 more branches will have solar panels in coming period, 8 of which will enable the electric vehicle charging station by these solar panels. In addition, Yapı Kredi will be gradually transitioning to energy efficient lighting systems in all locations. To date, 869 tCO₂e savings were achieved through the transition to energy efficient lighting systems and energy efficiency practices. It is also planned to switch from air conditioners to natural gas for the branches in which air conditioners are used for the heating purposes. In 2021, the installation process of natural gas was completed for 13 branches and this transition will continue according to the locations of branches and the availability of natural gas transmission line. For the upcoming period, the Bank plans to put energy efficiency methods into practice such as replacing the natural gas boiler in Plaza D with more energy efficient condensing one in 2022.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

Target reference number

Abs 2

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 3

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Category 1: Purchased goods and services

Category 5: Waste generated in operations

Category 6: Business travel

Category 7: Employee commuting

Category 15: Investments

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO₂e)

17249

Base year Scope 2 emissions covered by target (metric tons CO₂e)

41338

Base year Scope 3 emissions covered by target (metric tons CO₂e)

40506370

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

40564957

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2050

Targeted reduction from base year (%)

100

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

0

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

15717

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

25450

Scope 3 emissions in reporting year covered by target (metric tons CO₂e)

42017712

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

42058879

% of target achieved relative to base year [auto-calculated]

-3.68278955651303

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

The Bank aims to be net-zero and neutralise its Scope 1, Scope 2 and Scope 3 emission arising from its direct and indirect activities by 2050. Moreover, the Bank intends to gradually include all relevant categories for Scope 3 and extend its scope for its all locations in the coming future. The coverage of emissions for Scope 1 in & Scope 2 both 2019 and 2021 comprises emissions includes the Bank's Head Office and facility buildings, branches, and subsidiaries ((Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Bank Nederland N.V., Yapı Kredi Bank Azerbaijan, Yapı Kredi Technology Inc., Yapı Kredi Culture Arts and Publishing). The biggest portion of Scope 3 emissions arises from investment activities of the Bank. The calculated emissions arising from investments covers 82% of the Bank's portfolio in 2019 and 75% of portfolio in 2021.

Plan for achieving target, and progress made to the end of the reporting year

Yapı Kredi became the first institution from Turkey joined to the "Business Ambition for 1.5°C" platform of the Science-Based Targets initiative (SBTi) in 2021 as a part of its strategy to fight against climate change. Thus, the Bank pledged to set its emission reduction targets for limiting the global warming to 1.5°C in line the with the targets of the Paris Agreement. As a company in financial sector, the most of the emissions of Yapı Kredi arises from its investment activities specified as Scope 3 Category 15. That's why, the Bank aims to reduce its emissions by focusing on investing low-carbon sectors and creating more natural-friendly products for their clients. In addition, continuing "Zero Waste Project" and "End the Use of Single-Use Plastics Project" will decrease emissions coming from waste disposal in future periods as well. Also, hybrid working model started to be impleted in Yapı Kredi shows emission reduction effect on employee commuting.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

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

Int 1

Year target was set

2020

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

<Not Applicable>

Intensity metric

Metric tons CO2e per unit revenue

Base year

2019

Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)

8.1e-7

Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)

0.00000195

Intensity figure in base year for Scope 3 (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)

0.00000276

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

100

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

100

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this Scope 3 intensity figure

<Not Applicable>

% of total base year emissions in all selected Scopes covered by this intensity figure

100

Target year

2035

Targeted reduction from base year (%)

100

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

0

% change anticipated in absolute Scope 1+2 emissions

-29.7

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)

4.5e-7

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)

7.2e-7

Intensity figure in reporting year for Scope 3 (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)

0.00000117

% of target achieved relative to base year [auto-calculated]

57.6086956521739

Target status in reporting year

Underway

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

The Bank aims to reduce its Scope 1 and Scope 2 absolute emissions arising from its operational activities by 76% by 2030 and by 100% by 2035 compared to the base year 2019. The coverage of emissions for Scope 1 in both 2019 and 2021 comprises emissions includes the Bank's Head Office and facility buildings, branches, and subsidiaries (Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Bank Nederland N.V., Yapı Kredi Bank Azerbaijan, Yapı Kredi Technology Inc., Yapı Kredi Culture Arts and Publishing). The base year was selected as 2019 since this year has been the first period of being verified through ISO 14064 Standard covers all locations of the Bank.

Plan for achieving target, and progress made to the end of the reporting year

The reduction of the emission intensity was obtained through the following actions: - Energy efficiency studies - Renewable energy purchasing with I-REC certificate - Transition to hybrid working model The energy efficiency projects and percentage of renewable energy purchasing will increase periodically based on the net-zero target of Yapı Kredi.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

Target reference number

Int 2

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 3

Scope 2 accounting method

<Not Applicable>

Scope 3 category(ies)

Category 15: Investments

Intensity metric

Other, please specify (tCO2e/\$m outstanding amount)

Base year

2019

Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for Scope 3 (metric tons CO2e per unit of activity)

1054

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)

1054

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

<Not Applicable>

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

<Not Applicable>

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this Scope 3 intensity figure

99.86

% of total base year emissions in all selected Scopes covered by this intensity figure

99.86

Target year

2050

Targeted reduction from base year (%)

100

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

0

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

3.68

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in reporting year for Scope 3 (metric tons CO2e per unit of activity)

1210

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)

1210

% of target achieved relative to base year [auto-calculated]

-14.8007590132827

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

Yapı Kredi became the first institution from Turkey joined to the "Business Ambition for 1.5°C" platform of the Science-Based Targets initiative (SBTi) in 2021 as a part of its strategy to fight against climate change. Thus, the Bank pledged to set its emission reduction targets for limiting the global warming to 1.5°C in line with the targets of the Paris Agreement. Scope 3 investments data covers 82% of Yapı Kredi's portfolio in terms of outstanding amount. Outstanding amount comprises of market value for equity, par value for debt purchased and outstanding loan amount for loans issued (wealth management, corporate loans, project finance, motor vehicle loans & mortgages).

Plan for achieving target, and progress made to the end of the reporting year

The Bank aims to reduce its emissions arising from investing activities by focusing on investing low-carbon sectors and creating more natural-friendly products for their clients in coming years. The details of low carbon investments and products are given in sections C4.5a and C-FS4.5.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2020

Target coverage

Company-wide

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2019

Consumption or production of selected energy carrier in base year (MWh)

10142

% share of low-carbon or renewable energy in base year

10.23

Target year

2035

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

39.02

% of target achieved relative to base year [auto-calculated]

32.0708477219561

Target status in reporting year

Underway

Is this target part of an emissions target?

Yes, as outlined in the C4.1a Yapı Kredi aims to decrease its scope 1 and scope 2 emissions by 100% in 2035.

Is this target part of an overarching initiative?

Science Based Targets initiative

Please explain target coverage and identify any exclusions

The Bank plans to increase renewable energy purchasing with I-REC certificate. Additionally, on scope of "Sustainable Branch Initiative", 20 more branches are determined for the coming period, 8 of which will enable the electric vehicle charging station by the solar panels.

Plan for achieving target, and progress made to the end of the reporting year

In 2021, 39% of the electricity need was supplied from renewable energy sources. 33,668 MWh of the total electricity needs in the Bank's all locations were provided from renewable energy sources as part of the tackling against the global climate crisis and approximately 16,324 tCO₂e emission was avoided by this way. The bank plans to purchase its all energy requirement from renewable energy sources by 2035. In addition, the Bank converted Yapı Kredi Bodrum Branch into a "Sustainable Branch". With solar panels installed on its rooftop, the branch supplies 17% of its electricity consumption from renewable energy. On scope of this "Sustainable Branch Initiative", 20 more branches will have solar panels in coming period, 8 of which will enable the electric vehicle charging station by these solar panels.

List the actions which contributed most to achieving this target

<Not Applicable>

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Abs2

Int1

Int2

Target year for achieving net zero

2050

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next 2 years

Please explain target coverage and identify any exclusions

Yapı Kredi aims to reduce its Scope 1 and Scope 2 absolute carbon emissions in its direct operations by 76% until 2030, and by 100% until 2035, taking 2019 as the base year, in line with the target of a maximum temperature increase of 1.5 degrees defined in the Paris Agreement. Yapı Kredi is the first company in Turkey which has committed to Business Ambition for 1.5 degrees. In order to reach the net zero target with regards to its Scope 1 emissions, Yapı Kredi plans to conduct energy efficiency studies at its locations with natural gas-based fuel consumption and to gradually switch to hybrid vehicles in its vehicle pool. It plans to purchase carbon credits for the residual Scope 1 emissions after conducting energy efficiency projects and transitioning to new/energy efficient technologies. In order to reach the net zero target with regards to Scope 2 emissions, it is planned to switch to energy efficient lighting systems, optimize building-facility operating conditions to ensure energy efficiency, and supply energy from renewable sources for 100% of the remaining Scope 2 emissions to reach its zero emission target.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Unsure

Planned milestones and/or near-term investments for neutralization at target year

<Not Applicable>

Planned actions to mitigate emissions beyond your value chain (optional)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	
To be implemented*	5	2219
Implementation commenced*	1	710
Implemented*	4	17194
Not to be implemented	0	

C4.3b

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

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

312

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

673016

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

572542

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

The investment is TRY 572,541.85 TRY which is required for LED lighting systems in Plaza Building D, Banking Base and 14 branches are in 2021. With the transition to energy efficient lighting systems and energy efficiency practices, 312 tons of CO2e has been avoided.

Initiative category & Initiative type

Low-carbon energy consumption	Other, please specify (Hydropower, wind or solar energy purchased by I-REC certification. The type of energy source can change depending on season, cost etc.)
-------------------------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

16324

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

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

0

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

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

In 2019, 4,711 tCO2e was avoided by renewable energy supply with I-REC certificates. Thanks to this purchase, Scope 2 emissions were decreased to 41,338 tCO2e. During 2021, as part of the efforts to combat the global climate crisis and as per the syndicated loan targets, Yapı Kredi supplied the portion of 33,668 MWh of its electricity need for all its service locations from renewable resources. So that our market based scope 2 emission was reduced to 25,450 tCO2e.

Initiative category & Initiative type

Company policy or behavioral change	Resource efficiency
-------------------------------------	---------------------

Estimated annual CO2e savings (metric tonnes CO2e)

557

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

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

1200408

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

0

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

Air conditioners, lightings and certain equipments started to be turned off out of routine working hours , weekends and public holidays. If any employee works out of routine working hours and needs these facilities, he/she calls the building management to turn on required ones. By this way, 557 tCO2e was avoided in 2021.

Initiative category & Initiative type

Low-carbon energy generation	Solar PV
------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

1.08

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

32625

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

112347

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Yapı Kredi transformed its Bodrum Branch into a “Sustainable Branch”. The sustainable branch, with solar panels installed on its roof, provides 17% of its electricity consumption from renewable energy. The CO2e and monetary savings were calculated based on the electricity unit price per kWh of 2021.

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

Method	Comment
Compliance with regulatory requirements/standards	Full compliance with environmental (including climate change and energy) regulations and related laws is among Yapı Kredi's environmental management principles. In this regard, Yapı Kredi's specialists constantly track legislation changes and proactively render its implementations compatible with changing conditions. ISO 14001 and ISO 14064 management standards are subjected to the internal audit process conducted annually. Additionally, environmental audits conducted by parent Koç Holding every two years. The achieved performance results are reported to the executive management through yearly reports. 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 C4.1a.
Employee engagement	Yapı Kredi values contribution of all of its employees and individuals to improve environmental performance. The Bank believes that it is important to create awareness and drive changes in behavior in this respect. In keeping with this understanding, Yapı Kredi offered environmental training on several topics, which also addressed ISO 14001 Environmental Management System, climate change and water stress. In addition, communication aimed at raising awareness of environmental and sustainability issues were carried out during the reporting period through internal portal, e mail and social networks. The employees convey the creative ideas they conceive based on their own experiences or customer feedbacks to the Bank via the Evreka (Eureka) Idea Management platform. Accessible by all employees, the platform collects ideas about various subjects including enhancement of green initiatives such as conserving natural resources, reducing waste and promotes the conversion of employees' creative ideas into projects that will create value. Employees have been rewarded for their suggestions if their idea is the first of its kind and selected.
Dedicated budget for other emissions reduction activities	In order to achieve Yapı Kredi's overall emission reduction target, a budget has been dedicated for reduction of emissions through investments to be made in renewable energy procurement. The study performed within Koç Group Environmental Board to determine the examinations and evaluations that need to be conducted regarding environmental issues before deciding on going forward with new investments of Group companies. As a result of the study, "Environmental Guide for New Investments" and "New Investment Environmental and Energy Impact Evaluation Form" were constituted. The examination of current environmental impacts of the location of the investment and its impact area, identification of the major environmental impacts of the project and the measures to be taken, determining the requirements of national and international regulations, the revision of new projects with regards to environment and energy, examination of energy identity file and identification of standard documents are issues dealt with as part of environmental examinations and evaluations. The required budget allocation for foreseen activities is revised by related departments, presented to the top management for approval, every year.
Internal price on carbon	Potential regulations on emissions trading system and studies that might form the basis of such regulations are followed up by Yapı Kredi. The Bank keeps a close eye on the implications of the carbon border adjustment mechanism that will be launched under the European Green Deal announced in 2019 by the European Commission with respect to national regulations and the sectors that will be included in the Deal. Upon the introduction of the mechanism envisaged as a component of the EU Emissions Trading System (ETS), the regulatory agencies in Turkey might possibly introduce an emissions trading system or carbon tax aligned with the EU in Turkey. Under the carbon border adjustment mechanism envisaged to be launched by the Deal, the EU will determine the import price of products in selected sectors taking the relevant carbon content into consideration. Yapı Kredi intends to support its customers' transition to low carbon economy with the financial solutions it offers and to avert the potential risks that might arise within the scope of the arrangement. Yapı Kredi will also started to hold workshops and informative events for its customers in relation to international environmental and social sustainability criteria, national and international regulations, and sustainability. Yapı Kredi will keep supporting renewable energy and energy efficiency projects also in the coming period, and will more actively interact with its customers in relation to topics including environmental and social impact management, new regulations including the European Green Deal.
Internal incentives/recognition programs	Since 2011, Yapı Kredi has been calculating its GHG emissions (Scope 1 and Scope 2) of its head office buildings (Yapı Kredi Plaza Building D, Banking Base) and facility buildings (Bayramoğlu Training Facilities, Yeniköy Grove Building, and Darıca Archive Building) in accordance with ISO 14064 1 GHG Emissions Reporting Standard, verified and certified by independent accredited institutions. The Bank makes improvements for reducing GHG emissions. In this context, the coverage of the ISO 14064-1 certification was expanded to include all locations/buildings of the Bank including branches and subsidiaries.
Dedicated budget for energy efficiency	Energy efficiency and reduction of greenhouse gas emissions works constitute the most important part of Yapı Kredi's activities for combating climate change. In order to reach net zero target, Yapı Kredi plans to conduct energy efficiency studies which are switching to led lighting systems and procurement of renewable electricity. The total investment made for LED transition project was TRY 572,541 in 2021. This amount corresponds to the investment made for a project in relation to the transition to energy efficient lighting systems and installment of additional LED lighting systems which did not exist in Plaza Building D Block, Banking Base and 14 branches before. With this project, 312 tCO2e were avoided in 2021.

C4.5**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

No

C-FS4.5**(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?**

Yes

C-FS4.5a**(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).****Product type/Asset class/Line of business**

Banking	Project finance
---------	-----------------

Taxonomy or methodology used to classify product

Internally classified

Description of product

Yapı Kredi gives importance to Turkey's transition to low carbon economy. In that respect, in 2021, Yapı Kredi extended additional USD 76.8 million loans to renewable energy projects with a total installed capacity of 79 MW. The financing provided by the Bank to renewable energy projects amounted to USD 1.9 billion at 2021 YE which constituted 23% of its project finance portfolio. Total installed capacity of Yapı Kredi renewable energy portfolio is 6,309 MW. The Bank's market share in renewable energy becomes prominent with 12%. Financing renewable energy projects allows increasing of renewable energy capacity of Turkey and avoiding emissions. Thanks to renewable energy projects financed at 2021 YE by Yapı Kredi, 4,077,445 tCO2e GHG emissions were avoided. This value is verified with limited assurance by an external independent audit company (PwC Turkey).

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

107730000000

% of total portfolio value

23

Type of activity financed/insured or provided

Renewable energy

Product type/Asset class/Line of business

Banking	Project finance
---------	-----------------

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify (Vigeo-EIRIS ESG Score Performance)

Description of product

Yapı Kredi has provided Turkey's first Green Project Finance Loan to finance Akfen Yenilenebilir Enerji A.Ş.'s project to build four wind energy plants with a installed capacity of 275 MW. Along with Yapı Kredi, a total of six national and international banks are involved in the finance agreement, where loan pricing will be based on the performance assessment as per the Environmental and Social Assessment report to be prepared. This will encourage a high sustainability performance for the project over the lifetime of the loan. Total share of this green project finance loan in total project loans portfolio stands at 0.6%.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

107730000000

% of total portfolio value

0.6

Type of activity financed/insured or provided

Renewable energy

Product type/Asset class/Line of business

Banking	Retail mortgages
---------	------------------

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify (Class A and B Energy Identity Certificates by the Government)

Description of product

Yapı Kredi introduced the Eco-Friendly Mortgage product to raise awareness of energy savings in buildings. 50% exemption advantage is offered in the loan allocation fee for the residences with Class A and B Energy Identity Certificates.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

503000000

% of total portfolio value

3.7

Type of activity financed/insured or provided

Green buildings and equipment

Product type/Asset class/Line of business

Banking	Asset finance
---------	---------------

Taxonomy or methodology used to classify product

Internally classified

Description of product

Under an unprecedented collaboration in the sector with Arçelik Solar Power, Yapı Kredi Leasing offers the consumers the possibility to purchase rooftop solar systems with up to 18 month installments. Under the financing model developed, without having to deal with any formalities, a user chooses the package that best fits him/her out of eight packages created for any kind of structure such as home, summer home, office, business place or gas station, and can access green energy with the set installment options. Under this financing model, anyone wishing to switch to the nature-friendly rooftop solar power systems can have turnkey access to green energy.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

% of total portfolio value

Type of activity financed/insured or provided

Green buildings and equipment

Product type/Asset class/Line of business

Banking	Retail loans
---------	--------------

Taxonomy or methodology used to classify product

Low-carbon Investment (LCI) Taxonomy

Description of product

Supporting its customers' sustainability journeys with the Nature Friendly Vehicle Loan, Yapı Kredi offers attractive interest rates for the financing of electric and hybrid vehicles, and a 50% discount on the allocation fee.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

241000000

% of total portfolio value

3.1

Type of activity financed/insured or provided

Low-emission transport

Product type/Asset class/Line of business

Banking	Project finance
---------	-----------------

Taxonomy or methodology used to classify product

Green Bond Principles (ICMA)

Description of product

Guided by the United Nations Sustainable Development Goals (SDGs), Yapı Kredi aims to increase and expand its sustainable product portfolio, strengthen green industries and manage its environmental and social impacts. In that regard, in 2020, Yapı Kredi diversified its funding sources made available to renewable energy projects by carrying out its first green bond issuance in the amount of USD 50 million which is compliant with the Green Bond Principles of the International Capital Market Association (ICMA) and market standards. Proceeds of this Green Bond are allocated to five solar power plants and three wind power plant with a total installed capacity of 276 MW. The bond will mature on December 10th 2024.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

% of total portfolio value

0.62

Type of activity financed/insured or provided

Renewable energy

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

Name of organization(s) acquired, divested from, or merged with

<Not Applicable>

Details of structural change(s), including completion dates

<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in boundary	The coverage has been expanded with the inclusion of other subsidiaries, namely Yapı Kredi Culture Arts and Publishing (YKKSYS), Yapı Kredi Technology, Yapı Kredi Bank Nederland N.V. and Yapı Kredi Bank Azerbaijan, in to the Bank's Head Office and facility buildings, branches, and subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest).

C5.1c

(C5.1c) Have your organization's base year emissions been recalculated as result of the changes or errors reported in C5.1a and C5.1b?

	Base year recalculation	Base year emissions recalculation policy, including significance threshold
Row 1	No, because the impact does not meet our significance threshold	The change arising due to the boundary extension is 2.48%. Since it is below the 5%, it can be negligible and do not require recalculation based on the ISO 14064 Greenhouse Gas Accounting Standard.

C5.2

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

Scope 1

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO₂e)

17249

Comment

Scope 1 emissions covers the natural gas and fuel oil consumption (GHG emission associated with stationary combustion), fuel (fuel oil and gas) consumption of vehicles owned by the Bank (GHG emission associated with mobile combustion) and refrigerant gases (HCF-134a, HCF-407c, HCF-410a, HCF-404a, HCF-227ea, Aerosol (Butane-Propane Blend) and CO₂) (fugitive emissions). The calculation methodology is stated as the activity data multiplied by the emission factor. Emission factors are compiled from IPCC Guidelines for National Greenhouse Gas Inventories, 2006. Electricity emission factors are calculated in line with the IEA 2018 report. Emission factors and lower calorific values are taken from internationally accepted sources, and density values are taken from national legislation. The coverage for Scope 1 emissions includes the Bank's Head Office and facility buildings, branches, and its subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest). The Scope 1 emissions for the base year is 17,249 tCO₂e. Scope 1 emissions in 2019 have been verified and certified in accordance with the ISO 14064 Standard.

Scope 2 (location-based)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO₂e)

46049

Comment

Scope 2 emission data covers consumption of purchased electricity (indirect emissions from energy). The coverage for Scope 2 emissions includes the Bank's Head Office and facility buildings, branches, and its subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest). The Bank consumes electricity from the interconnected system. Grid emission factor for Turkey has been calculated according to the IEA 2020 report. The Scope 2 emission (location-based) for the base year is 46,049 tCO₂e which has been verified and certified in accordance with the ISO 14064 Standard.

Scope 2 (market-based)**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

41338

Comment

In 2019, the Bank purchased renewable energy and the confirmation letter was obtained from the supplier company in relation to the use of renewable energy. GHG emission factor for electricity was taken as "0" (zero). Thanks to this purchase, the Bank reduced its Scope 2 emissions 4,711 tCO2e with I-REC in 2019.

Scope 3 category 1: Purchased goods and services**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

661

Comment

Scope 3 purchased goods and services emission data for 2019 covers paper consumed across the Bank's Head Office and facility buildings, branches, and its subsidiaries (Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest).

Scope 3 category 2: Capital goods**Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment****Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)****Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment****Scope 3 category 4: Upstream transportation and distribution****Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment****Scope 3 category 5: Waste generated in operations****Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment****Scope 3 category 6: Business travel****Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

2929

Comment

Scope 3 business travel emission data for 2019 covers business travel of the Bank's Head Office and facility buildings, branches, and its subsidiaries (Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Bank Nederland N.V., Yapı Kredi Bank Azerbaijan, Yapı Kredi Technology Inc., Yapı Kredi Culture Arts and Publishing).

Scope 3 category 7: Employee commuting

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

9972

Comment

Scope 3 employee commuting emission data covers fuel consumption for employee commuting at the selected locations of the Bank's Head Office and facility buildings, branches, and its subsidiaries (Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest).

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

40492808

Comment

Scope 3 investments data covers 82% of Yapı Kredi's portfolio in terms of outstanding amount. Outstanding amount comprises of market value for equity, par value for debt purchased and outstanding loan amount for loans issued (wealth management, corporate loans, project finance, motor vehicle loans & mortgages).

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

Other, please specify (The Global GHG Accounting and Reporting Standard (by PCAF) for Scope 3 (Category 15))

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

15717

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Scope 1 GHG emission data covers the natural gas and fuel oil consumption (GHG emission associated with stationary combustion), fuel (fuel oil and gas) consumption of vehicles owned by the Bank (GHG emission associated with mobile combustion) and refrigerant gases HCF-134a, HCF-407c, HCF-410a, HCF-404a, HCF-227ea, Aerosol (Butane-Propane Blend) and CO2 (fugitive emissions). The coverage for Scope 1 emissions includes the Bank's Head Office and facility buildings, branches, and subsidiaries ((Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Bank Nederland N.V., Yapı Kredi Bank Azerbaijan, Yapı Kredi Technology Inc., Yapı Kredi Culture Arts and Publishing). The Scope 1 emissions for the reporting year is 15,717 tCO2e. Scope 1 emissions in 2021 have been verified in accordance with the ISAE 3000 (Revised) and ISAE 3410 standards.

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Yapı Kredi reports both location-based and market-based figures for its emission reporting.

C6.3

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

Reporting year

Scope 2, location-based

41773

Scope 2, market-based (if applicable)

25450

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Scope 2 emission data covers consumption of purchased electricity (indirect emissions from energy). The coverage for Scope 2 emissions includes the Bank's Head Office and facility buildings, branches, and subsidiaries (Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Bank Nederland N.V., Yapı Kredi Bank Azerbaijan, Yapı Kredi Technology Inc., Yapı Kredi Culture Arts and Publishing). In 2021, as part of the efforts to fight against the global climate crisis, the Bank supplied 39% of the total electricity supply for all its service locations from renewable and calculated its market-based emission data for Scope 2 as 25,450 tCO2e.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

389

Emissions calculation methodology

Average data method

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

100

Please explain

Scope 3 emission data for 2021 covers paper consumed across the Banks head offices and its subsidiaries (Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest). The overall emission associated to the paper consumption with the banking operations was nearly 389 tCO2e. Within the scope of its environmental goals, the Bank has set a target with regards to reduction of A4 paper consumption. In line with the remote service model, customers were presented with the possibility to transact in a paperless environment using digital approval. As of 2021 YE, 85% of transactions were performed using digital approval at the Bank in a paperless manner. Thus, Yapı Kredi's contribution to the environment also takes the form of paper saving, which also brings about saving in the physical retention and archiving of documents. In 2021, the number of robots and robotic processes increased to 30 and 137, respectively. Approximately 23 million transactions and controls were performed by robots. Conversion factors for paper consumption in Scope 3 emissions calculations were based on the emission factors in the "DEFRA (Department for Environment, Food and Rural Affairs) 2021 Emission Factors. Emission factors in Scope 3 - Material Use".

Capital goods

Evaluation status

Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Emissions arising from capital good could not be calculated yet due to the lack of information.

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

Evaluation status

Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There is no upstream transportation and distribution activities related to Yapı Kredi.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

51.87

Emissions calculation methodology

Waste-type-specific method

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

100

Please explain

The quantity of waste collected to be sent to the recovery, recycling and landfill is included in the emission calculations in the reporting period. The emission data of waste for 2021 covers the Yapı Kredi Plaza Building D, Yapı Kredi Banking Base, Darıca Administrative and Archive facilities. However, the quantity of medical waste covers the data collected from Yapı Kredi Plaza Building D, Yapı Kredi Banking Base Healthcare Units. Medical waste is disposed by methods requiring specific engineering such as physical/chemical treatment, off-site incineration etc. Moreover, paper waste generated at all locations of the Bank and collected at the Bank's archive is included in the emission calculations. The quantity of waste paper was calculated based on the quantities received from the Bank's contracted recycling company licensed by the Provincial Directorate of Environment, Urbanization and Climate Change. The following formula has been used in calculating the quantity of household waste. Quantity of household waste (tons/year) = Number of household waste containers in the facilities x container volume (m³) x fullness level of container (%) x household waste density (tons/m³) x annual number of days (number of days has been calculated after finding out how many days a week household waste is collected from the relevant municipalities). Conversion factors for waste in Scope 3 GHG emission calculations were based on "DEFRA 2021 Emission Factors."

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

267

Emissions calculation methodology

Distance-based method

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

100

Please explain

Scope 3 emission data for 2019 covers business travel of the Bank and its subsidiaries (Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest). The total flight distance of business travel of the Bank in 2021 corresponded to 1,433,981 km. Conversion factors for business flights in Scope 3 GHG emissions calculations were based on "DEFRA 2021 Emission Factors."

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

3147

Emissions calculation methodology

Fuel-based method

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

100

Please explain

Scope 3 emission data covers fuel consumption for employee commuting at the Bank's selected locations (Head Office and service buildings, regional offices and branch buildings). Emission reduction is approximately 41% compared to previous year. The main reason for this change is the decrease on the number of employees working at the offices due to the transition to a hybrid work model which introduces remote working. In addition, with this hybrid work model, routes of services used for employee commuting were optimized and it decreased the fuel consumption. The limited assurance statement is received for fuel consumption data from an independent audit firm (PwC) every year. We used the "Lower Thermal Values of Energy Resources and Conversion to Oil Equivalents" table prepared by the Ministry of Energy and Natural Resources. The total emissions from employee commuting was calculated as 3,147 tCO2e. Conversion factor for employee commuting vehicles in Scope 3 GHG emissions was based on the IPCC 2006 Guidelines for National Greenhouse Gas Inventories.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There is no upstream leased assets of Yapı Kredi.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There is no downstream transportation and distribution activities related to Yapı Kredi.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There is no sold product of Yapı Kredi.

Use of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There is no sold product of Yapı Kredi.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There is no sold product of Yapı Kredi.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There is no downstream leased asset of Yapı Kredi.

Franchises

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There is no franchise of Yapı Kredi.

Investments

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

42013857

Emissions calculation methodology

Investment-specific method

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

26

Please explain

The Bank included the majority of its portfolio's outstanding amount in the footprinting process. The outstanding amount comprises of market value for equity, par value for debt purchased and outstanding loan amount for loans issued (wealth management, corporate loans, project finance, motor vehicle loans & mortgages). The details of applied methodology is given in C-FS14.1a.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There is no other upstream activity of Yapı Kredi.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There is no other downstream activity of Yapı Kredi.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic 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

0.0000016356

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

57490

Metric denominator

unit total revenue

Metric denominator: Unit total

35149116000

Scope 2 figure used

Location-based

% change from previous year

24.1

Direction of change

Decreased

Reason for change

Intensity metric for location-based in 2021 decreased to 0.0000016356 tCO2e/TRY from 0.0000021561 tCO2e/TRY in 2020. Thus, the intensity figure decreased at a rate of 24.1%. This figure stemmed from the growth rate for revenue was faster than that of location-based emission data for Scope 1 and Scope 2 in the reporting year. The main drivers of the strong revenue growth in 2021 were strong income generation performance in 2021 thanks to sustainable loan deposit spread and positive performance in net interest income and fees and commissions, despite the challenging operating environment and regulatory framework. In addition, the number of employees working at the offices were decreased due to the transition to a hybrid working model which introduced remote working.

Intensity figure

0.0000011712

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

41166

Metric denominator

unit total revenue

Metric denominator: Unit total

35149116000

Scope 2 figure used

Market-based

% change from previous year

37.9

Direction of change

Decreased

Reason for change

Intensity metric in 2021 decreased to 0.0000011712 tCO2e/TRY from 0.0000018862 tCO2e/TRY in 2020. Thus, the intensity figure decreased at a rate of 37.9%, making the decrease in market-based intensity metric faster than that of location-based. This stemmed from the fact that the purchased renewable energy was higher in 2021 compare to 2020. Thus, decrease in market-based emission data was higher in the reporting year.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

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	15635	IPCC Sixth Assessment Report (AR6 - 100 year)
CH4	12	IPCC Sixth Assessment Report (AR6 - 100 year)
N2O	70	IPCC Sixth Assessment Report (AR6 - 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	15439
Netherlands	259
Azerbaijan	19

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
Head Office and Service Building	3795	41	29
Branches, District Buildings and Additional Aervice Buildings	11074	41	29
YK Invest, YK Asset Management, YK Leasing, YK Factoring	430	41	29
Yapı Kredi Culture and Art Publishing	135	41	29
Yapı Kredi Technology	5	41	29
Yapı Kredi Azerbaijan	259	40.4	49.8
Yapı Kredi Nederland N.V.	19	52.3	4.9

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	6400
Transportation	4560
Cooling units	3976
Generators	761.1
Fuel usage for heating	19.7

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)
Turkey	41009	24686
Azerbaijan	696	696
Netherlands	68	68

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 (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Head Office and Service Building	12509	0
Branches, District Buildings and Additional Aervice Buildings	27813	24629
YK Invest, YK Asset Management, YK Leasing, YK Factoring	484	0
Yapı Kredi Culture and Art Publishing	146	0
Yapı Kredi Technology	57	57
Yapı Kredi Azerbaijan	696	696
Yapı Kredi Netherlands	68	68

C7.6c

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

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Electricity usage	41773	25450

C7.9

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

Increased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	9332	Decreased	16.7	Supplying 35,022 MWh of green electricity in total, 39% of the Bank's total electricity consumption was obtained from renewable sources in 2021. Scope 2 emissions have been reduced with purchased renewable energy. 9,332 tCO2e were reduced by purchasing renewable energy. The total of Scope 1 and Scope 2 emissions in the previous year was 55,869 tCO2e, Therefore the obtained decrease was 16.70%. The calculation was made as the following: $(-9,332/55,869) * 100 = -16.70$.
Other emissions reduction activities	869	Decreased	1.56	As part of Yapı Kredi's energy efficiency activities, in 2021, the Bank changed its lighting systems to LED lighting which allowed Yapı Kredi to decrease its Scope 2 emissions of 869 tCO2e. Considering the total Scope 1 and Scope 2 emissions in the previous year was 55,869 tCO2e, the obtained decrease was 1.56% in 2021. The calculation was made as the following: $(-869/55,869) * 100 = -1.56\%$.
Divestment		<Not Applicable >		There is no divestment in 2021.
Acquisitions		<Not Applicable >		There is no acquisitions in 2021.
Mergers		<Not Applicable >		There is no mergers in 2021.
Change in output	842	Decreased	1.51	Last year, there were 835 branches of Yapı Kredi covering all regions of Turkey. With the closing of 31 branches in 2021, 842 tCO2e emissions were decreased associated with branches. The calculation was made as the following: $(842/55,869)*100=1.51$.
Change in methodology		<Not Applicable >		There is no change in methodology in 2021.
Change in boundary	13858	Increased	2.48	In 2021, the coverage has been expanded with the inclusion of other subsidiaries, namely Yapı Kredi Culture Arts and Publishing (YKKSYS), Yapı Kredi Technology, Yapı Kredi Bank Nederland N.V. and Yapı Kredi Bank Azerbaijan, in addition to the Bank's Head Office and facility buildings, branches, and subsidiaries (Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest). The calculation was made as the following: $(1,385,80/55,869)*100=2.48$.
Change in physical operating conditions		<Not Applicable >		There is no change in physical operating conditions.
Unidentified		<Not Applicable >		There is no unidentified reason.
Other		<Not Applicable >		There is no other reason.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	2844	2844
Consumption of purchased or acquired electricity	<Not Applicable>	35022	54737	89759
Consumption of purchased or acquired heat	<Not Applicable>	0	35916	35916
Consumption of purchased or acquired steam	<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>	35022	93497	128519

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	Yes
Consumption of fuel for the generation of heat	Yes
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.

Sustainable biomass

Heating value

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

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>

Comment

Other biomass

Heating value

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

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>

Comment

Other renewable fuels (e.g. renewable hydrogen)

Heating value

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

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>

Comment

Coal

Heating value

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

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>

Comment

Oil

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

19705.04

MWh fuel consumed for self-generation of electricity

2844.22

MWh fuel consumed for self-generation of heat

16860.82

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>

Comment

The total amount of oil used for the transportation and electricity generator is reported.

Gas

Heating value

HHV

Total fuel MWh consumed by the organization

35915.89

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

35915.89

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>

Comment

The amount of natural gas used for heating purposes is reported.

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

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>

Comment

Total fuel

Heating value

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

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>

Comment

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

Sourcing method

Unbundled energy attribute certificates (EACs) purchase

Energy carrier

Electricity

Low-carbon technology type

Hydropower (capacity unknown)

Country/area of low-carbon energy consumption

Turkey

Tracking instrument used

I-REC

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

6900

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2019

Comment

6900 MWh electricity is used produced at Azmak HEPP.

Sourcing method

Unbundled energy attribute certificates (EACs) purchase

Energy carrier

Electricity

Low-carbon technology type

Hydropower (capacity unknown)

Country/area of low-carbon energy consumption

Turkey

Tracking instrument used

I-REC

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

3000

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2012

Comment

3000 MWh electricity is used produced at Kilavuzlu HEPP.

Sourcing method

Unbundled energy attribute certificates (EACs) purchase

Energy carrier

Electricity

Low-carbon technology type

Hydropower (capacity unknown)

Country/area of low-carbon energy consumption

Turkey

Tracking instrument used

I-REC

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

23022

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1992

Comment

23022 MWh electricity is used produced at Menzelet HEPP.

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area

Turkey

Consumption of electricity (MWh)

87984

Consumption of heat, steam, and cooling (MWh)

35824

Total non-fuel energy consumption (MWh) [Auto-calculated]

123808

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

Country/area

Netherlands

Consumption of electricity (MWh)

193

Consumption of heat, steam, and cooling (MWh)

8

Total non-fuel energy consumption (MWh) [Auto-calculated]

201

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

Country/area

Azerbaijan

Consumption of electricity (MWh)

1581

Consumption of heat, steam, and cooling (MWh)

84

Total non-fuel energy consumption (MWh) [Auto-calculated]

1665

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

C9. Additional metrics

C9.1

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

Description

Waste

Metric value

1193

Metric numerator

tons

Metric denominator (intensity metric only)

% change from previous year

26.8

Direction of change

Decreased

Please explain

The whole waste data included within this year's reporting scope was verified with a limited assurance statement in accordance with ISAE 3000 and ISAE 3410 International Assurance Audit Standard by an independent third-party auditor (PwC Turkey). In 2021, there is a 26.8% decrease in the absolute amount of waste. Yapı Kredi attaches great importance to ensure that its hazardous waste resulting from its operations is recycled employing the correct methods. Within this framework in 2021, 242 tons of hazardous and 906 tons of non-hazardous waste have been recovered and recycled corresponding to a total of 1,148 tons of waste. Innovative investments and digital processes offered to employees and customers at Yapı Kredi help eliminate the paper used for numerous transactions. Thanks to the paperless transaction and digitalization initiatives that were launched in 2018 and still continue, 113 million sheets of paper was saved annually in 2021, saving 9,605 trees from being cut. During 2021, more than 829 tons of paper and paper packaging, more than 16 tons of plastic and plastic packaging, more than 5 tons of glass waste and glass packaging, and more than 46 tons of metal were collected for recycling across all the locations of the Bank. In addition, 45.96 tons of domestic waste was collected. Also, the waste collected avoided more than 152 tons of GHG emissions, saved approximately 23,200 cubic meters of water and 14,085 trees. In 2020, recycling bins in compliance with the Zero Waste Regulation created by the Ministry of Environment and Urbanization, were provided to the headquarter buildings, and the waste was effectively sorted at its source. Waste labels at the waste storage area were revised in compliance with the regulation. In 2020, the Banking Base facility was entitled to obtain the Zero Waste Certificate within the scope of Zero Waste Project. In addition to the Banking Base facility, Plaza Building D acquired the Zero Waste Certificate in 2021. It is aimed to expand the Zero Waste Project to all Yapı Kredi locations in the next 5 years. Under the "Project to End the Use of Single-Use Plastics", the use of selected single-use plastics was terminated in the headquarter buildings, service buildings, regional buildings and branches.

Description

Other, please specify (Water Consumption)

Metric value

226685

Metric numerator

Cubic meters

Metric denominator (intensity metric only)

% change from previous year

9

Direction of change

Increased

Please explain

Water consumed by Yapı Kredi is supplied by the municipalities in Turkey, which mainly source their water from open rivers and reservoirs. The Bank monitors and provides measures to manage its indirect water footprint and reduce water consumption. Water consumption increased from 208,558 m3 to 226,685 m3 in 2021. The reason of lower water consumption in Yapı Kredi offices and branches in 2021 is the pandemic conditions. Due to the improvement of pandemic conditions, the water consumption is increased slightly. In 2021, within the scope of environmental strategies, the Bank has renewed its ISO 14046 Direct Water Footprint Certificate. Hence, the Bank has internationally endorsed the effective management system it has in place within the frame of its targets for efficient use of water resources and reduction of wastewater, and added speed to its efforts in this direction. The Bank's efforts continued for efficient and effective management of water resources in 2021. Potable water treatment units were put into use at the Head Office Plaza Building D and Banking Base facilities for obtaining ready-to-use, good quality fresh water in sufficient quantity. Within the frame of another water-smart initiative at Darıca Administrative and Archive buildings, well water, rainwater and drainage water from buildings continued to be collected and used for landscape irrigation. Under this initiative, rainwater and well water is used for irrigation instead of mains water. In 2021, a rainwater harvesting project was initiated at the Banking Base facility. Since 2018, Yapı Kredi has been reporting its water security and management strategy, performance and targets within the scope of CDP Water Program. Having received CDP Turkey 2020 Water Leader award, the Bank was assigned A (Leadership) score also in the CDP 2021 Water Program, and thus remained within the leadership category. Hence, Yapı Kredi has been the only firm from the Turkish financial services sector to be included in the leadership category under the CDP Program.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Integrated Annual Report 2021.pdf

Page/ section reference

Pages 601-606 Limited Assurance Report of PWC

Relevant standard

ASAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Integrated Annual Report 2021.pdf

Page/ section reference

Pages 601-606 Limited Assurance Report of PWC

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Integrated Annual Report 2021.pdf

Page/ section reference

Pages 601-606 Limited Assurance Report of PWC

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Integrated Annual Report 2021.pdf

Page/section reference

Pages 601-606 Limited Assurance Report of PWC

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Investments

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Underway but not complete for current reporting year – first year it has taken place

Type of verification or assurance

Limited assurance

Attach the statement

Page/section reference

Relevant standard

Please select

Proportion of reported emissions verified (%)

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
C1. Governance	Other, please specify (Sustainability Governance System)	Limited assurance was provided by PwC, the standard used was ISAE 3000 (Revised) and ISAE 3410.	Structure of sustainability management which is the highest body within the Sustainability Management System of Yapı Kredi was verified to demonstrate executive level management of climate related issues within Yapı Kredi. The scope of the assurance is the organization, members and meetings of the Committee. Sustainability Governance is mentioned in the Sustainability Management Section on pages 46 and 47 of 2021 Integrated Annual Report. The assurance was provided for 2021 in pages between 601-606 of Integrated Annual Report. Integrated Annual Report 2021.pdf
C1. Governance	Other, please specify (Compliance with environmental laws and regulations)	Limited assurance was provided by PwC, the standard used was ISAE 3000 (Revised) and ISAE 3410.	Monetary value of fines received on account of non-compliance with the Environmental Law and regulations was verified. The scope of the assurance is amount of administrative fines imposed by the Republic of Turkey Ministry of Environment and Urbanization on account of failure to achieve compliance in the Bank's operations with the Environmental Law no. 2872 and ancillary regulations. No administrative fines were received on account of non-compliance with the Environmental Law and ancillary regulations in 2021. The assurance was provided for 2021 in pages between 601-606 of Integrated Annual Report. Integrated Annual Report 2021.pdf
C8. Energy	Energy consumption	Limited assurance was provided by PwC, the standard used was ISAE 3000 (Revised) and ISAE 3410.	Energy consumption which corresponds to the total energy purchased by the Bank and by its subsidiaries during the reporting period was verified. Energy consumption data include the electricity, natural gas and fuel oil consumption for the Bank's electrical installations, heating, lighting, ventilation, generator etc. The assurance was provided for 2021 in pages between 601-606 of Integrated Annual Report. IREC Certificate_October 2021.pdf IREC Certificate_September 2021.pdf IREC Certificate_December 2021.pdf IREC Certificate_July 2021.pdf IREC Certificate_January-May 2021.pdf YKB Assurance Report_ENG - %45.pdf IREC Certificate_August 2021.pdf IREC YAPI KREDİ PORTFOY YÖNETİMİ A.Ş..pdf IREC YAPI KREDİ FAKTORİNG A.Ş..pdf IREC Certificate_June 2021.pdf IREC YAPI KREDİ FİNANSAL KİRALAMA A.O..pdf IREC YAPI KREDİ KÜLTÜR-SANAT YAYINCILIK TİCARET VE SANAYİ A.Ş..pdf IREC YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş..pdf IREC Certificate_November 2021.pdf Integrated Annual Report 2021.pdf
C8. Energy	Other, please specify (Energy intensity)	Limited assurance was provided by PwC, the standard used was ISAE 3000 (Revised) and ISAE 3410.	Energy intensity (GJ/ number of employees) which corresponds to average energy consumed by each employee during the reporting period was verified. The intensity calculated by dividing total energy consumption by FTE number of the Bank and its subsidiaries whose data are reported under environmental indicators as of year-end. The assurance was provided for 2021 in pages between 601-606 of Integrated Annual Report. Integrated Annual Report 2021.pdf
C9. Additional metrics	Other, please specify (Waste by type and disposal method)	Limited assurance was provided by PwC, the standard used was ISAE 3000 (Revised) and ISAE 3410.	Quantity of collected, recycled and disposed waste was verified by type and disposal method as part of Yapı Kredi's environmental management efforts. Waste collected, included in recovery/recycling processes in the reporting period means the quantity of hazardous, non-hazardous, other waste and household waste generated during the operations of the Bank's Yapı Kredi Plaza Building D, Yapı Kredi Banking Base, Darıca Administrative and Archive facilities, and the quantity of medical waste produced at Yapı Kredi Plaza Building D, Yapı Kredi Banking Base Healthcare Units. Medical waste is disposed of by methods requiring specific engineering such as landfill, physical/chemical treatment, and off-site incineration. Quantity of waste includes paper waste generated at all locations of the Bank and those collected at the Bank's archive. The assurance was provided for 2021 in pages between 601-606 of Integrated Annual Report. Integrated Annual Report 2021.pdf
C9. Additional metrics	Other, please specify (Water consumption by source)	Limited assurance was provided by PwC, the standard used was ISAE 3000 (Revised) and ISAE 3410.	Water consumption amount by the Bank and its subsidiaries was verified as part of environmental management efforts. This data indicates the Bank's consumption including mains water, underground water, drinking and tap water purchased by truckloads, and rainwater. Climate change will have significant impact on water resources. Therefore Yapı Kredi closely follows its water consumption and takes necessary actions if possible to enable effective management of water resources. The assurance was provided for 2021 in pages between 601-606 of Integrated Annual Report. Integrated Annual Report 2021.pdf
C9. Additional metrics	Other, please specify (Water intensity)	Limited assurance was provided by PwC, the standard used was ISAE 3000 (Revised) and ISAE 3410.	Water intensity (m3/number of employees) was verified as part of Yapı Kredi's environmental management efforts. The intensity calculated by dividing the total waste water quantity of the Bank and of its subsidiaries whose data are reported under environmental indicators by the FTE number of the Bank and its subsidiaries as of 2021 YE. The assurance was provided for 2021 in pages between 601-606 of Integrated Annual Report. Integrated Annual Report 2021.pdf
C14. Portfolio impact	Renewable energy products	Limited assurance was provided by PwC, the standard used was ISAE 3000 (Revised) and ISAE 3410.	Quantity of GHG emissions avoided during the reporting period through the financing of renewable energy projects as of the 2021 year end (tCO2 e), total volume of lending provided by Yapı Kredi to renewable energy projects and capacities of renewable energy projects financed by Yapı Kredi were verified as of 2021 YE. Yapı Kredi as a financial institution transparently discloses and verifies this data to demonstrate its positive impact to Turkey's transition to the low-carbon economy. Also, the quantity of GHG emissions avoided during the reporting period through the electricity generated by renewable energy projects financed by Yapı Kredi is verified. The assurance was provided for 2021 in pages between 601-606 of Integrated Annual Report. Integrated Annual Report 2021.pdf

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?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Navigate GHG regulations
Stakeholder expectations
Change internal behavior
Drive energy efficiency
Drive low-carbon investment

GHG Scope

Scope 1
Scope 2

Application

Yapı Kredi applies shadow carbon price in evaluating renewable energy investments and renewable electricity purchasing of operational activities. In line with its target to become carbon neutral by 2050, Yapı Kredi designs a target to reduce its Scope 1 and Scope 2 absolute company-wide carbon emissions. Since there is no carbon pricing system in place in Turkey at present, shadow carbon price is regularly monitored and updated to track the costs that will be generated for these purchases. In order to reach net zero target, Yapı Kredi plans to conduct energy efficiency initiatives and to increase renewable energy consumption.

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

453.3

Variance of price(s) used

Potential regulations on emissions trading system and studies that might form the basis of such regulations are followed up by Yapı Kredi. The business community and regulators started working on the potential impacts of the European Green Deal, upon Turkey, who ships half of its exports to the European Union (EU). However, there is no carbon pricing system in Turkey yet. Yapı Kredi uses a voluntary pricing method for carbon pricing and uses uniform pricing throughout the company independent of geography or business unit. While Yapı Kredi's operational activities are not included in any carbon pricing system (Emissions Trading System, Cap & Trade, or Carbon Tax), the Bank shifted to the shadow carbon pricing practice in 2021, and has been performing its calculations assuming carbon price as 30 EUR/tCO₂e in the light of internal studies and national & international reports. Yapı Kredi's internal carbon price represents EUR 30 (TRY 453.3 calculated by using the exchange rate as of 31 December 2021) per ton CO₂e.

Type of internal carbon price

Shadow price

Impact & implication

The financial impact of the internal carbon price will not affect Yapı Kredi's business. Carbon related risks are managed to measure and mitigate risks with the help of efficient and smooth rating/scoring models, strategies and processes, and reacting and taking the necessary measures accordingly and in a timely manner. To this end, rating/scoring systems continue to be updated/upgraded regularly. Validation activities are carried on in parallel with modelling studies. The Bank prioritized renewable electricity procurement and energy efficiency initiatives in the reporting period. Various tools are being assessed for transition to a low-carbon economy; those deemed appropriate will be implemented within the scope of the strategy developed. Yapı Kredi pledged to set its emissions reduction targets within the scope of the Business Ambition for 1.5°C platform of the Science Based Targets Initiative (SBTI) in the low carbon transition process. In keeping with this pledge, the Bank's efforts are ongoing for reducing its emissions arising from its own operations and the emissions associated with its lending activities to achieve the net zero target by 2050.

C12. Engagement

C12.1

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

Yes, our suppliers
Yes, our customers/clients
Yes, other partners in the value chain

C12.1a

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

Innovation & collaboration (changing markets)

Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

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

10.09

Rationale for the coverage of your engagement

Yapı Kredi is committed to act responsibly and promote its principle of creating sustainable value across the entire supply chain in its procurement processes as well as in all its operations. With the Responsible Procurement Policy introduced on 21 December 2016, the Bank encourages all its suppliers to reduce their GHG emissions, support low-carbon transition, and choose efficient manufacturing methods that reduce natural resource consumption and waste generation. Also, all suppliers which are included in Scope 3 emissions have to comply with Yapı Kredi's Responsible Procurement Policy.

Impact of engagement, including measures of success

Yapı Kredi's climate related impact of engagement is to incentivize all of its suppliers to comply the Bank's environmental criteria as well as good climate conscious practices. The success of the Bank's supplier's climate change performance are measured internally based on the supplier's compliance with Yapı Kredi's Responsible Procurement Policy. In cases of non-compliance, the Bank asks the concerned suppliers to take corrective actions. In case of failure of these necessary corrections within the specified period, the Bank may terminate the commercial relations with suppliers. In 2021, there were no suppliers who failed to comply with the Bank's Responsible Procurement Policy and hence no contracts were terminated.

Comment

Yapı Kredi gives precedence to local suppliers in its procurement processes with an aim to contribute to the local economy. The Board of Directors of the Bank is responsible for the approval of the Bank's Responsible Procurement Policy whereas the Sustainability Committee is responsible for implementing and updating when there is a necessity based on the legislation and for improvement purposes.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

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

10.09

Rationale for the coverage of your engagement

The coverage is limited to the subcontractors, which work at Yapı Kredi's facilities. The rationale for the covering these personnel is that they are working at Yapı Kredi buildings and their impact on Yapı Kredi would be higher compared to other suppliers. The Bank believes that it is important to create awareness and drive changes in behavior all its employees including the employees of subcontractors. The percentage of employees of subcontractors in total suppliers and their expenditures as well as their impact on supplier-related Scope 3 emission are not calculated in the reporting period as these educations are provided with the aim of raising awareness among all employees.

Impact of engagement, including measures of success

Yapı Kredi offered 1,305 hours of environmental training, which also addressed ISO 14001 Environmental Management System, climate change and water stress, to 1,228 Yapı Kredi employees and 304 hours to 152 employees of subcontractors in 2021. The success of this training is measured according to the year on year progress on the hours of training by the employees of subcontractors attended to this training. In addition, communication aimed at raising awareness of environmental and sustainability issues was carried out during the reporting period through internal portal, e-mail and social networks.

Comment

ISO 14001 certification system covers 32% of Yapı Kredi's operations. It is aimed to ensure the continuity of the ISO 14001 Environmental Management System certificate owned by the Headquarters buildings and to expand the scope of the certification to cover all branches in Istanbul.

C12.1b

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

Type of engagement & Details of engagement

Education/information sharing	Run an engagement campaign to education customers about your climate change performance and strategy
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% of customers by number

100

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

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

Especially, the coverage of communication activities on enhancing awareness is all customers of Yapı Kredi. The Bank believes that it is important to create awareness and drive changes in behavior all its customers. The percentage of customers and their impact on customer-related Scope 3 emission are not calculated in the reporting period as these communication activities are provided with the aim of raising awareness.

Impact of engagement, including measures of success

Yapı Kredi supports its customers' sustainability transformations with its communication campaigns conducted, as well as the products and services developed to support their sustainability journeys. The Bank contributes to enhancing its customers' awareness, consciousness and knowledge about sustainability through various communication channels that include live streaming, webinars, podcasts, interviews featured in the media, news and publicly disclosed reports.

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients

Customers/clients of Banks

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Engage with clients on measuring exposure to climate-related risk

% client-related Scope 3 emissions as reported in C-FS14.1a

16

Portfolio coverage (total or outstanding)

89

Rationale for the coverage of your engagement

Engagement targeted at clients with the highest potential impact on the climate

Impact of engagement, including measures of success

All new investment and project financing loans and project finance advisory services with an investment amount greater than or equal to USD 10 million are evaluated under the Environmental and Social Risk Assessment (ESRA) system which was launched in 2017 based on the national legislation and the International Finance Corporation's (IFC) Environmental and Social Performance Standards. The impact of the climate related engagement strategy is measured by customers' compliance with the requirements of the ESRA System, which minimizes negative environmental and social impacts including climate related impacts. To measure the success, for projects under high- or moderate-risk group, action plans are prepared and follow-up site visits and activities are conducted at least once a year by an external and independent environmental and social consultant/expert. Implementation results are presented at the annual Sustainability Management System Evaluation Meeting. Impact of engagement is compliance with Yapı Kredi's Environmental and Social Risk Assessment System which is based on IFC Performance Standards as well as Equator Principles which are integrated to the ESRA system in 2021. In 2021, 22 investments were evaluated within the scope of the ESRA system, and a total loan line of USD 685.3 million was allocated to these investments as of 2021 YE. There are no projects rejected due to non-compliance with Environmental and Social Policy or Exclusion List in 2021.

Type of clients

Customers/clients of Banks

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change considerations in client management mechanism

% client-related Scope 3 emissions as reported in C-FS14.1a

63

Portfolio coverage (total or outstanding)

100

Rationale for the coverage of your engagement

Other, please specify (All loan segments are considered within the coverage of this engagement)

Impact of engagement, including measures of success

Yapı Kredi expects all its customers/projects to meet the relevant legal requirements and the requirements of the credit policies which includes certain environmental standards. To analyse the potential environmental and social impacts associated with its entire loan portfolio, Yapı Kredi employed the Impact Analysis Tool co-developed by the Positive Impact Initiative, Principles for Responsible Banking signatories and United Nations Environment Programme Finance Initiative (UNEP FI). According to the results of the Impact Analysis Tool, Yapı Kredi identified the areas of impact where it envisages to set targets as follows: - Financial Health and Inclusion - Financial Health and Inclusion - Gender Equality

Type of clients

Customers/clients of Banks

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Offer financial incentives for clients who reduce your downstream emissions (Scope 3) and/or exposure to carbon-related assets

% client-related Scope 3 emissions as reported in C-FS14.1a

0.1

Portfolio coverage (total or outstanding)

0.13

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related opportunities

Impact of engagement, including measures of success

Within the scope of its sustainable finance activities that make up a pillar of its sustainability strategy, Yapı Kredi introduced Nature Friendly Mortgage product to help raise increased awareness of energy saving. The Nature Friendly Mortgage offers 50% exemption in loan allocation fee specifically to houses holding Class A or B Energy Identification Document. Addition to, extending support to its customers' sustainability journeys with the Nature Friendly Auto Loan, Yapı Kredi presents attractive interest rates specifically for electric and hybrid vehicles and grants 50% discount in loan allocation fee. The last but not least one is that Yapı Kredi Leasing offered the consumers the possibility to purchase rooftop solar systems with up to 18-month installments. Under this financing model, anyone wishing to switch to the nature-friendly rooftop solar power systems can have turnkey access to green energy..

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

Yapı Kredi attaches great importance to the multi-stakeholder communication and cooperation. Thus, the Bank actively takes part in a numerous sectoral initiatives and non-governmental organizations (NGOs) associated with climate change and environment. Moreover, to make a contribution to works of those initiatives and establish rewarding relationships with important sector players and regulators, the Bank continues to become a member, signatory or supporter to them. In that vein, Yapı Kredi takes an active role in experience sharing, preparation of reports and studies about climate change.

On a national level, the Bank is an active member of "The Role of the Financial Sector in Sustainable Growth Working Group", which is one of the Banks Association of Turkey (BAT). The Banking Regulation and Supervision Agency (BRSA) of Turkey also actively participates to these works to provide regulative angel. In 2021, the agenda of this working group is to determine Green Asset Ratio and establish Heat Map Methodologies for the banking sector in Turkey. Throughout all those works, Yapı Kredi has played an important role by sharing its approach, efforts and experience with other banks to contribute to the sector. Being an active member of Turkish Industry & Business Association's (TÜSİAD) Environment and Climate Change Working Group, Yapı Kredi also participates in the Sub-Working Groups namely Climate Change and Low-Carbon Economy, Financing Models and Incentives, and Partnership for Market Readiness (PMR). Moreover, Yapı Kredi reports its non-financial and financial performance in an integrated manner since 2019. As part of its integrated approach, the Bank also supports Integrated Reporting Turkey Network (ERTA). Yapı Kredi participates in major seminars, panels, conferences and workshops of the Turkish Investor Relations Society (TÜYİD) which brings the investors' perspective of climate change to the market. Further, the Bank engages with the Turkish Marine Environment Protection Association / TURMEPA in order to develop a climate change-themed investment fund via a collaborative project.

Yapı Kredi has also been active in international platforms. For instance, the Bank participated as a founding signatory in the United Nations Principles for Responsible Banking (UN PRB) established under the United Nations Environment Programme Finance Initiative (UNEP FI), of which the Bank is a member since 2017. In this context, in 2021, Yapı Kredi used the second version of the Portfolio Impact Analysis Tool (Impact Analysis Tool) co-developed by the Positive Impact Initiative, Principles for Responsible Banking signatories and United Nations Environment Programme Finance Initiative (UNEP FI). Yapı Kredi determined its potential areas of impact for the first time in 2020 using the Portfolio Impact Analysis Tool developed by the UN Environment Programme Finance Initiative (UNEP FI). After the Portfolio Impact Analysis Tool was updated and its second version was released, Yapı Kredi repeated its impact analysis in 2021. Through this tool, the Bank analysed the environmental and social impacts associated with its retail, business, corporate and investment banking portfolios. The outcome of this tool revealed the climate change is one of the material topics of Yapı Kredi on which the Bank is working to setting short-, medium- and long-term targets.

In 2021, Yapı Kredi joined among the supporters of the Task Force on Climate-related Financial Disclosures (TCFD) and committed to achieve alignment with with its 4-pillar recommendations. Ultimately, the Bank joined the Business Ambition for 1.5°C platform of the Science Based Targets Initiative in July 2021 and pledged to set its emissions reduction targets for limiting global warming to 1.5°C. To realise this pledge, the Bank launched a project to calculate the emissions arising from its credit portfolio and to set the reduction target for these emissions which aligns with the net zero target by 2050 across the Koç Group.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

Yes, climate-related requirements are included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

Climate-related requirement

Complying with regulatory requirements

Description of this climate related requirement

Yapı Kredi is committed to act responsibly and promote its principle of creating sustainable value across the entire supply chain. The Bank supports all its suppliers in ensuring compliance with its environmental, social and human rights criteria. In this regards, the Bank attaches the Yapı Kredi expects "The Environment, Occupational Health and Safety Agreement" to all supplier agreements during procurement. Through this agreement, it is ensured that supplier fully complies with all procedures, instructions issued by Yapı Kredi, as well as all relevant laws and regulations. The Bank obliges its all suppliers use low-carbon methods and products in their processes. Moreover, the suppliers have to reduce the use of natural resources and waste generation by utilizing higher-efficiency manufacturing methods. In addition, on scope of this agreement, every supplier has to nominate at least one Environmental Officer who will be responsible for evaluating all the environmental aspects of Yapı Kredi and accordingly taking preventive measures in terms of climate change. Yapı Kredi may terminate the commercial relations with suppliers that do not embrace the compliance process and/ or fail to make the necessary corrections within the specified period.

% suppliers by procurement spend that have to comply with this climate-related requirement

100

% suppliers by procurement spend in compliance with this climate-related requirement

100

Mechanisms for monitoring compliance with this climate-related requirement

Certification
Supplier self-assessment
Off-site third-party verification
On-site third-party verification
Grievance mechanism/Whistleblowing hotline

Response to supplier non-compliance with this climate-related requirement

Exclude

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, we engage indirectly through trade associations

Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

Integrated Annual Report 2021.pdf

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

Yapı Kredi embraces the Sustainable Development Goals (SDGs) and the Paris Climate Agreement in relation to its sustainability strategy. Turkey's development plans and Turkey's Intended Nationally Determined Contribution (INDC) Statement also provide guidance for the Bank's sustainability strategy. Under the Sustainability Management System all operations including the Bank's direct and indirect environmental impacts are conducted in compliance with those national and international agreements and commitments. Given these facts, Yapı Kredi addresses climate crisis in its corporate strategy as "Climate Crisis and Environmental Management is one of the Bank's strategic priorities." During the transition to a low-carbon economy, the Bank has committed to set emission reduction targets within the scope of the Science Based Targets Initiative's platform on Business Ambition for 1.5°C. In keeping with this pledge, the Bank's efforts are in progress for reducing its emissions arising from its own operations and the emissions associated with its lending activities to achieve its net zero target by 2050. In addition to this, the Bank has also initiated efforts to integrate climate risks into credit risk assessment processes.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Focus of policy, law, or regulation that may impact the climate

Adaptation and/or resilience to climate change

Circular economy

Renewable energy generation

Sustainable finance

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Green Deal

Policy, law, or regulation geographic coverage

National

Country/region the policy, law, or regulation applies to

Turkey

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

Yapı Kredi is an active member of Turkish Industry & Business Association's (TÜSİAD) Environment and Climate Change Working Group. This Group works in cooperation with public institutions and non-governmental organizations on priority issues such as combating climate change, sustainable finance, waste management, energy and resource efficiency. Yapı Kredi contributes to TÜSİAD's position statements and extends support for reports and research associated with agenda about those subjects.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3b

(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify (The Banks Association of Turkey (BAT))

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We are attempting to influence them to change their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

Yapı Kredi's CEO is a board member of the Banks Association of Turkey (BAT). The purpose of the association is to preserve the rights and benefits of banks, to carry on studies for the growth of the banking sector in line with the principles of open market economics, perfect competition and the regulations, principles and rules of banking. "Role of the Financial Sector in Sustainable Growth" Working Group at BAT aims to create a general framework for banks to consider the environmental and social dimensions of their lending activities and other services. The Working Group has issued the "Sustainability Guidelines" to integrate climate change management into the governance structure of the banks. To achieve its aim to disseminate best practices among its members on sustainability the Working Group works towards providing research, guidance, best practices and trainings. In 2021, the agenda of this working group is to determine Green Asset Ratio and establish Heat Map Methodologies for the banking sector in Turkey. Throughout all those works, Yapı Kredi has played an important role by sharing its approach, efforts and experience with other banks to contribute to the sector.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

Describe the aim of your organization's funding

<Not Applicable>

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.3c

(C12.3c) Provide details of the funding you provided to other organizations in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization

Non-Governmental Organization (NGO) or charitable organization

State the organization to which you provided funding

Turkish Industry and Business Association (TUSIAD)

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)

140250

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

TUSIAD is a voluntary based civil society organization established by Turkish industrialists and business persons in 1971 in order to represent the business world. TUSIAD aims to encourage and develop a unity of thought and action on behalf of the Turkish business world in line with these objectives through the direct and indirect dissemination of its views and recommendations to the Turkish parliament, government, international organizations and public opinion through the media and other means. Yapı Kredi is an active member of Turkish Industry & Business Association's (TUSIAD) Environment and Climate Change Working Group. This Group works in cooperation with public institutions and non-governmental organizations on priority issues such as combating climate change, sustainable finance, waste management, energy and resource efficiency. As an active member of TUSIAD's Environment and Climate Change Working Group, Yapı Kredi also participates in the works conducted under this Group and provides its feedback for TUSIAD's position papers, research and publications.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Type of organization

Non-Governmental Organization (NGO) or charitable organization

State the organization to which you provided funding

Global Compact Network Turkey

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)

6250

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

In 2017, Yapı Kredi became a signatory to the Global Compact Network Turkey's Declaration of Sustainable Finance, thereby taking a significant step towards integrating sustainability criteria into its lending policies and raising awareness about responsible financing. The Declaration was launched in an event with the participation of the then Deputy Prime Minister of Turkey as the keynote speaker and several other policy makers. Since then, Yapı Kredi has been contributing to the update and dissemination of the Declaration.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Type of organization

Non-Governmental Organization (NGO) or charitable organization

State the organization to which you provided funding

WWF Türkiye

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

As an important stakeholder in civil society, WWF-Turkey is a key player in influencing policies with regard to environmental conservation in Turkey. Under its social responsibility projects, Yapı Kredi, cooperates with numerous relevant stakeholders such as initiatives on sustainability, NGOs, universities and public institutions. Hence, since 2014, the Bank support "Turkey's Life" project, run by WWF to preserve biological diversity and natural resources. The project runs by a grant fund created by donations from individuals and organizations, and channelled towards NGOs for implementing their projects on environmental preservation. Yapı Kredi extended support to WWF Türkiye (World Wide Fund for Nature Turkey) for renting fire helicopters to support the firefighting efforts to extinguish the fires that scorched various areas of Turkey in 2021.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Type of organization

Non-Governmental Organization (NGO) or charitable organization

State the organization to which you provided funding

Turkish Marine Environment Protection Association (TURMEPA)

Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

TURMEPA as the leading sea-oriented non-governmental organization of Turkey conducts several projects to protect nation's coasts and seas. Yapı Kredi gives support TURMEPA's projects on coastal waste management, awareness training etc.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

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

Integrated Annual Report 2021.pdf

Page/Section reference

Governance: 180-226 Strategy: 46-48 Risks & opportunities:74 Emissions figures & other metrics: 575 Emission targets: 98-99

Content elements

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

Comment

In order to report its non-financials (ESG) and financials performance in an integrated manner, since 2019, Yapı Kredi has published its Integrated Annual Report. Pursuant to the Corporate Governance Principles by Capital Markets Board of Turkey (CMB), annual reports should be announced to the shareholders three weeks prior to the Annual General Meetings (AGMs). Hence, the Banks publishes its integrated annual reports in the beginning of March every year and includes environmental performance data in these reports.

C-FS12.5

(C-FS12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1 Science-Based Targets Initiative for Financial Institutions (SBTi-FI) Task Force on Climate-related Financial Disclosures (TCFD) UN Global Compact UNEP FI UNEP FI Principles for Responsible Banking	Science-Based Targets Initiative for Financial Institutions (SBTi-FI): The Bank committed to SBTi in 2021 and became the first bank who joined the "Business Ambition for 1.5°C" platform of the SBTi to set its emissions reduction targets for limiting global warming to 1.5°C. In accordance with this commitment, the Bank's efforts are ongoing for reducing its emissions arising from its own operations and the emissions associated with its lending activities to achieve the net zero target by 2050. Task Force on Climate-related Financial Disclosures (TCFD): Yapı Kredi treats its risk management in relation to sustainability as a priority topic with respect to the Bank's compliance with the future regulatory framework, investor expectations and its reputation on the eyes of its stakeholders. That's why, in 2021, Yapı Kredi became one of the companies that support TCFD and committed to achieve alignment with the recommendations of the TCFD. As per its commitment, the Bank maintains its works to embed its environmental and social risk assessment system into the lending processes. UN Global Compact: Yapı Kredi became a signatory to the UN Global Compact, the world's largest corporate sustainability initiative in the reporting year and published its first Communication on Progress report in its 2021 based on the 10 principles of UN Global Compact. Integrated Annual Report. Besides, the Bank follows Sustainable Finance, Inclusion and Diversity, Gender Equality and Environment Working Groups within Global Compact Turkey. In 2017, the Bank also became a founding signatory of the Global Compact Turkey's Declaration on Sustainable Finance that represents a sectoral collaboration within the scope of the lending activities. UNEP FI: Since 2017, Yapı Kredi is a member of UNEP FI that is representative of the finance sector in general on sustainability related issues. In addition to that, in 2021, the Bank joined the UNEP FI's new initiative, Commitment to Financial Health and Inclusion, as a founding signatory. UNEP FI Principles for Responsible Banking: Yapı Kredi participated as a founding signatory in the United Nations Principles for Responsible Banking (UN PRB) established under the UNEP FI. Yapı Kredi repeated its impact analysis study using the second version of the Portfolio Impact Analysis Tool updated in 2021. According to the results of the updated impact analysis, the Bank revised the impact areas for which it will set its targets in line with the UN PRB. Therefore, until the next reporting period, the target setting process is intended to be completed. Based on the key performance indicators which will be determined to follow progress with respect to each target will be transparently disclosed to all stakeholders of the Bank within the scope of the annual UN PRB Report.

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Lending to all carbon-related assets

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

109906794700

New loans advanced in reporting year (unit currency – as specified in C0.4)

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

18.2

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Lending to coal

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

10197742885

New loans advanced in reporting year (unit currency – as specified in C0.4)

0

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

1.69

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Lending to oil and gas

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

2846746957

New loans advanced in reporting year (unit currency – as specified in C0.4)

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year

0.47

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Please explain why you do not measure the impact of your portfolio on the climate
Banking (Bank)	Yes	Portfolio emissions	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS14.1a

(C-FS14.1a) Provide details of your organization's portfolio emissions in the reporting year.

Banking (Bank)

Portfolio emissions (metric unit tons CO2e) in the reporting year

42013857

Portfolio coverage

75

Percentage calculated using data obtained from clients/investees

26

Emissions calculation methodology

The Global GHG Accounting and Reporting Standard for the Financial Industry

Please explain the details and assumptions used in your calculation

Yapı Kredi calculates its portfolio emissions to develop emission reduction targets in line with the Financial Sector Guidance of SBTi. As being the first company in Turkey to support the "Business Ambition for 1.5°C" and committed to SBTi, the Bank calculated its Scope 3 emissions arising from its portfolio according to the Global GHG Accounting and Reporting Standard for the Financial Industry published by PCAF (Partnership for Carbon Accounting Financials). The Bank included the majority of its portfolio's outstanding amount in the footprinting process. The outstanding amount comprises of market value for equity, par value for debt purchased and outstanding loan amount for loans issued (wealth management, corporate loans, project finance, motor vehicle loans & mortgages). Wealth Management category refers to corporate instruments including Corporate Bonds, Sovereign Bonds, Domestic and Foreign Equities. Outstanding amount is as of 31st December 2021 and relates to Yapı Kredi and Yapı Kredi Asset Management. Corporate Loans are modelled using EEIO economic-based emissions factors. Company (i.e. Counterparty/investee) revenue is multiplied by the relevant sector emissions factor to calculate company emissions. The majority of emissions generated via these corporate instruments are related to Oil & Gas and Consumable Fuels sectors. Project finance assets included footprinting process by Yapı Kredi are Energy Generation, Real Estate, Motor Highways, Ports, Airports, Energy Distribution and Ship Investments. The most emission intensive areas of the project finance portfolio are Coal Power, Electricity Distribution, Combined Power and Natural Gas Power projects, respectively. For the emission calculations arising from Mortgages, Turkish government Energy Performance Ratings (EPCs) were used in 2021 to allocate emissions to property types. The value of kgCO2e/m2/annum from the energy certificate system in Turkey is used by multiplying by the floor area to calculate annual emission from these properties For footprinting of Motor Vehicle Loans, Yapı Kredi considered vehicle model, age, fuel type and vehicle type information. Two calculation methodologies were used for Motor Vehicle Loans; The first is vehicle specific emissions factors based on the vehicle and the second used average emissions factors based on vehicle type, fuel type, and age. Average distance driven by vehicle type in Turkey is used in both cases to calculate emissions.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's portfolio impact?

	Portfolio breakdown	Please explain why you do not provide a breakdown of your portfolio impact
Row 1	Yes, by asset class	<Not Applicable>

C-FS14.2a

(C-FS14.2a) Break down your organization's portfolio impact by asset class.

Asset class	Portfolio metric	Portfolio emissions or alternative metric
Banking Corporate loans	Carbon intensity (tCO2e/Million revenue)	1366
Banking Project finance	Carbon intensity (tCO2e/Million revenue)	1226
Banking Other, please specify (Corporate Mortgages)	Carbon intensity (tCO2e/Million revenue)	223
Banking Other, please specify (Wealth Management)	Please select	1170
Banking Other, please specify (Motor Vehicle Loans)	Carbon intensity (tCO2e/Million revenue)	108

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world	Please explain why you have not taken any action to align your portfolio with a 1.5°C world
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world
Banking (Bank)	Yes, for all	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	Sustainability related activities (including biodiversity) in Yapı Kredi are managed under the supervision of the Sustainability Committee. The Committee is responsible for integrating sustainability in business processes and for monitoring, assessing and guiding the sustainability performance of Yapı Kredi. Sustainability related risks & opportunities linked to operations as well as project finance and setting up strategies/defining targets are part of the Sustainability Committee's responsibilities. Risks related to operation and financing activities are assessed and monitored by the Committee on a regular basis. The committee which is chaired by a Board Member meets quarterly to monitor and guide developments in relation to sustainability and periodically reports to the Executive Committee and to the Board of Directors. Members of the Sustainability Committee: Board Member (Chair), Commercial and SME Banking Management EVP, Financial Planning and Administration Management EVP (CFO), Corporate Banking Management EVP, Credits EVP, Compliance, Internal Control and Risk Management EVP, Human Resources, Organization & Internal Services Management EVP, Retail Banking Management EVP, Banking Operations SVP, Process and Program Management SVP, Strategic Planning and Investor Relations SVP, Corporate Communications SVP. Yapı Kredi monitors its biodiversity impacts resulting from its lending activities through Environmental and Social Action Plans, including Biodiversity Action plans, when deemed necessary for high-risk projects. With the integration of Equator Principles into the Environmental and Social Risk Assessment (ESRA) System of Yapı Kredi, assessment criteria for biodiversity have been supplemented to the ESRA system. Accordingly, biodiversity is also taken into consideration when determining the environmental and social risk categories of projects and investments. During the evaluation made within the scope of the ESRA system, sector-specific questions have been asked about flora and fauna, protected areas, migration routes etc.	Risks and opportunities to our own operations Risks and opportunities to our bank lending activities The impact of our own operations on biodiversity The impact of our bank lending activities on biodiversity

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to respect legally designated protected areas Commitment to avoidance of negative impacts on threatened and protected species Commitment to no trade of CITES listed species Other, please specify (Yapı Kredi committed to not to provide direct funding to following activities with its exclusion list: Activities conducted on the wetlands as defined by the RAMSAR Convention on Wetlands, Drift net fishing in open sea, using nets longer than 2.5 km)	SDG CITES

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?	Portfolio
Row 1	Yes, we assess impacts on biodiversity in both our upstream and downstream value chain	Bank lending portfolio (Bank)

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Land/water management Education & awareness Law & policy

C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	State and benefit indicators Response indicators

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
Other, please specify (Integrated Annual Report)	Content of biodiversity-related policies or commitments	Environmental & Social Policy of Yapı Kredi including exclusion list covering biodiversity is linked in the Bank's Integrated Annual Report page 89. Environmental & Social Policy is publicly available in the website of Yapı Kredi as well. Integrated Annual Report 2021.pdf Environmental_and_Social_Policy.pdf

C16. 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.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

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

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

	Board-level oversight of this issue area	Explain why your organization does not have board-level oversight of this issue area and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS1.1a

(FW-FS1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for forests- and/or water-related issues.

Issue area(s)	Position of individual(s)	Please explain
Forests Water	Board-level committee	<p>Yapı Kredi's sustainability related activities are managed under the supervision of the Sustainability Committee. The Committee is responsible for integrating sustainability in business processes and for monitoring, assessing and guiding the sustainability performance of Yapı Kredi. Climate-related risks & opportunities linked to operations as well as project finance and setting up strategies/defining targets with regards to reduction of emissions are part of the Sustainability Committee's responsibilities on the environmental dimension. Risks related to operation and financing activities are assessed and monitored by the Committee on a regular basis. The committee which is chaired by a Board Member meets quarterly to monitor and guide developments in relation to sustainability and periodically reports to the Executive Committee and to the Board of Directors. Members of the Sustainability Committee: Board Member (Chair), Commercial and SME Banking Management EVP, Financial Planning and Administration Management EVP (CFO), Corporate Banking Management EVP, Credits EVP, Compliance, Internal Control and Risk Management EVP, Human Resources, Organization & Internal Services Management EVP, Retail Banking Management EVP, Banking Operations SVP, Process and Program Management SVP, Strategic Planning and Investor Relations SVP, Corporate Communications SVP. SVP of Corporate Communications Management, who directly reports to the CEO, is responsible for conducting the overall sustainability practices. Under SVP, Sustainability Team carries out all the practices regarding sustainable banking. Forest and water related topics also constitute an important agenda item of sustainability working groups. In 2021, the Sustainability Committee decided to extended support to WWF (World Wide Fund for Nature) Türkiye for renting fire helicopters to support the firefighting efforts to extinguish the fires that scorched various areas of Turkey in 2021. In addition, the Bank donated five tree saplings for each of its employees to the Banks Association of Turkey (BAT) to support the reforestation efforts after the fires. The Committee also decided on renew its ISO 14064 Direct Water Footprint Certificate and extend its scope in 2021.</p>

FW-FS1.1b

(FW-FS1.1b) Provide further details on the board's oversight of forests- and/or water-related issues.

Issue area(s)

Forests

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - some meetings

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy

Reviewing and guiding major plans of action

Reviewing and guiding risk management policies

Reviewing and guiding annual budgets

Reviewing and guiding business plans

Setting performance objectives

Monitoring implementation and performance of objectives

Monitoring and overseeing progress against goals and targets for addressing forests- and/or water-related issues

Scope of board-level oversight

Risks and opportunities to our banking activities

The impact of our banking activities on forests and/or water security

Please explain

Forests topics such as management of forest-related risks & opportunities linked to operational as well as lending activities and setting up strategies/defining targets are part of the Sustainability Committee's responsibilities on the environmental dimension. The following risks are assessed and monitored by the Committee on a regular basis:

- Risks related to operation (physical & legal risks)
- Risks related to financing activities (physical risks of the investments/projects which might impact the environment & society, transition risk of the investments/projects which might arise due to regulatory developments)

The committee meets quarterly to monitor and guide developments in relation to sustainability and periodically reports to the Executive Committee and to the Board of Directors every year. Based on the Sustainability Team's findings and suggestions, the Sustainability Committee establishes and guides a comprehensive management approach for Yapı Kredi consisting of:

- Sustainability strategy
- Plan of actions to be implemented
- Risk management policies
- Sustainability expenditures
- Targets and objectives related to the sustainability performance of the Bank

In 2021, the Sustainability Committee convened for 4 times in total. 2 of these meetings conducted in May and September were the regular meetings of the Committee. The Committee held additional 2 meetings in June and July in the form of strategy workshops. The Committee is responsible for overall forest management at Yapı Kredi including its direct operations (such as paper consumption) and indirect impact from its lending activities. In addition to all these efforts, Yapı Kredi has taken and implemented new decisions in order to achieve sustainability targets including forest related issues. For example; the Bank extended support to WWF Türkiye (World Wide Fund for Nature Turkey) for renting fire helicopters to support the firefighting efforts to extinguish the fires that scorched various areas of Turkey in 2021. Additionally, there is a dedicated Sustainability Team reporting to the SVP of Corporate Communications and responsible to coordinate and reports all forest related activities of Yapı Kredi.

Issue area(s)

Water

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - some meetings

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy

Reviewing and guiding major plans of action

Reviewing and guiding risk management policies

Reviewing and guiding annual budgets

Reviewing and guiding business plans

Setting performance objectives

Monitoring implementation and performance of objectives

Monitoring and overseeing progress against goals and targets for addressing forests- and/or water-related issues

Scope of board-level oversight

Risks and opportunities to our banking activities

The impact of our banking activities on forests and/or water security

Please explain

Water topics such as management of water-related risks & opportunities linked to operational as well as lending activities and setting up strategies/defining targets are part of the Sustainability Committee's responsibilities on the environmental dimension. The following risks are assessed and monitored by the Committee on a regular basis:

- Risks related to operation (physical & legal risks)
- Risks related to financing activities (physical risks of the investments/projects which might impact the environment & society, transition risk of the investments/projects which might arise due to regulatory developments)

The committee meets quarterly to monitor and guide developments in relation to sustainability and periodically reports to the Executive Committee and to the Board of Directors every year. Based on the Sustainability Team's findings and suggestions, the Sustainability Committee establishes and guides a comprehensive management approach for Yapı Kredi consisting of:

- Sustainability strategy
- Plan of actions to be implemented
- Risk management policies
- Sustainability expenditures
- Targets and objectives related to the sustainability performance of the Bank

In 2021, the Sustainability Committee convened for 4 times in total. 2 of these meetings conducted in May and September were the regular meetings of the Committee. The Committee held additional 2 meetings in June and July in the form of strategy workshops. The Committee is responsible for overall water management at Yapı Kredi including its direct operations (such as water consumption) and indirect impact from its lending activities. In addition to all these efforts, Yapı Kredi has taken and implemented new decisions in order to achieve sustainability targets including water related issues. For example, the use of potable water treatment units instead of bottled water for obtaining ready-to-use, good quality fresh water in sufficient quantity at the Head Office Plaza Building D and Banking Base facilities. Additionally, there is a dedicated Sustainability Team reporting to the SVP of Corporate Communications and responsible to coordinate and reports all water related activities of Yapı Kredi. As a result of these efforts, Yapı Kredi has been the only financial institution named as a Water Leader in Turkish finance sector with the A- score earned in the CDP Water Security Program last year.

FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

The CEO, who is a member of the Board of Directors, have been undertaking a pioneer role on the management of sustainability in the Bank through his role on the approval and implementation of the decisions presented by the Sustainability Committee. Closely following the Yapı Kredi's sustainability agenda and performance, he has been continuing to explore new ways to improve the Yapı Kredi's vision and ability to combat and adapt to climate change. The Independent Board Member who is the chair of the Sustainability Committee is responsible for the sustainability practices of Yapı Kredi. He has strong knowledge on economics since he worked as the Chief Economist, and Head of Strategic Planning and Research at Yapı Kredi, respectively, between July 2004 and February 2009. So that, this know-how and experience enables him to understand green finance mechanisms which constitute the most significant accelerator to mitigate the adverse effects of climate change.

Primary reason for no board-level competence on this issue area

<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

<Not Applicable>

Water

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

The CEO, who is a member of the Board of Directors, have been undertaking a pioneer role on the management of sustainability in the Bank through his role on the approval and implementation of the decisions presented by the Sustainability Committee. Closely following the Yapı Kredi's sustainability agenda and performance, he has been continuing to explore new ways to improve the Yapı Kredi's vision and ability to combat and adapt to climate change. The Independent Board Member who is the chair of the Sustainability Committee is responsible for the sustainability practices of Yapı Kredi. He has strong knowledge on economics since he worked as the Chief Economist, and Head of Strategic Planning and Research at Yapı Kredi, respectively, between July 2004 and February 2009. So that, this know-how and experience enables him to understand green finance mechanisms which constitute the most significant accelerator to mitigate the adverse effects of climate change.

Primary reason for no board-level competence on this issue area

<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

<Not Applicable>

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

Name of the position(s) and/or committee(s)

Sustainability committee

Reporting line

Reports to the Board directly

Issue area(s)

Forests
Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our banking portfolio

Frequency of reporting to the board on forests- and/or water-related issues

Annually

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

	We assess our portfolio's exposure to this issue area	Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future
Banking - Forests exposure	Yes	<Not Applicable>
Banking – Water exposure	Yes	<Not Applicable>
Investing (Asset manager) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water exposure	<Not Applicable>	<Not Applicable>

FW-FS2.1a

(FW-FS2.1a) Describe how you assess your portfolio's exposure to forests- and/or water-related risks and opportunities.

Portfolio

Banking (Bank)

Exposure to

Forests-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative and quantitative

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

Internal tools/methods

UNEP FI Portfolio Impact Analysis Tool for Banks

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

At Yapı Kredi, risk management unit, which comprises of more than a hundred risk experts, functions under the Audit Committee with the purpose of measuring, monitoring, reporting and keeping under control the potential risks that the Bank may be exposed to on standalone and consolidated baseis. To do this, international and national regulatory frameworks and methods are taken into consideration. The Audit Committee convened 4 times throughout 2021 with the required majority and quorum satisfied. The responsible executive for risk management at the highest level is the Executive Vice President for Compliance, Internal Control and Risk Management. Yapı Kredi regards forest-related risk management as one of the top priority topics with respect to the Bank's compliance with the future regulatory frameworks, investor expectations and its reputation in the eyes of its stakeholders. Hence, the forest-related risks due to the Bank's direct operations are evaluated under the operational risk, reputational risk, credit risk and environmental risk areas. Yapı Kredi determines its risks and opportunities according to its substantive financial and strategic impact both on its own operations and banking activities. The whole portfolio is covered by this risk management system.

Portfolio

Banking (Bank)

Exposure to

Water-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative and quantitative

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

Internal tools/methods

UNEP FI Portfolio Impact Analysis Tool for Banks

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

At Yapı Kredi, risk management unit, which comprises of more than a hundred risk experts, functions under the Audit Committee with the purpose of measuring, monitoring, reporting and keeping under control the potential risks that the Bank may be exposed to on standalone and consolidated baseis. To do this, international and national regulatory frameworks and methods are taken into consideration. The Audit Committee convened 4 times throughout 2021 with the required majority and quorum satisfied. The responsible executive for risk management at the highest level is the Executive Vice President for Compliance, Internal Control and Risk Management. Yapı Kredi regards water-related risk management as one of the top priority topics with respect to the Bank's compliance with the future regulatory frameworks, investor expectations and its reputation in the eyes of its stakeholders. Hence, the water-related risks due to the Bank's direct operations are evaluated under the operational risk, reputational risk, credit risk and environmental risk areas. Yapı Kredi determines its risks and opportunities according to its substantive financial and strategic impact both on its own operations and banking activities. The whole portfolio is covered by this risk management system.

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information	Explain why information related to this issue area is not considered and any plans to address this in the future
Banking – Forests-related information	Yes	<Not Applicable>
Banking – Water-related information	Yes	<Not Applicable>
Investing (Asset manager) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water-related information	<Not Applicable>	<Not Applicable>

FW-FS2.2a

(FW-FS2.2a) Indicate the forests- and/or water-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision making.

Portfolio

Banking (Bank)

Information related to

Forests

Type of information considered

Other, please specify (Internal question sets are used based on national regulations and IFC Standards.)

Process through which information is obtained

Directly from the client/investee
From an intermediary or business partner
Data provider
Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Transportation
Other, please specify (Infrastructure, Manufacturing, Mining)

State how these forests- and/or water-related information influences your decision making

Yapı Kredi manages all of its environmental impact including climate change, forest and water risks stemming from its lending activities through Environmental and Social Risk Assessment (ESRA) system which has been launched based on the national legislation and the International Finance Corporation's (IFC) Performance Standards. Under this system, all new investments and projects which have an investment amount of USD 10 million and above are evaluated. This ESRA system is carried out by an expert team under the Corporate and Commercial Loans Department. The Executive Vice President of Credits, who is also the member of the Sustainability Committee, is responsible for the execution of this system. As per ESRA, initially all loan requests received by the Bank are evaluated with respect to the Bank's lending policies and the Exclusion List contained in the Environmental and Social Policy. Activities that are under the Bank's exclusion list and do not comply with those policies are not financed under no circumstances. Under the ESRA System, investments are examined under various environmental and social management parameters within the scope of national and international standards. Based on the outcome of the assessment performed using sector-specific question sets, the relevant investment's associated risk category is defined as high risk (Category A), medium high (Category B+), medium low (Category B-) and low (Category C). Upon the risk category, action and monitoring plans are created in cooperation with the project or investment owner. If the risk category is under high-risk one, oversight of these actions is carried out under the supervision of independent consultants. Following the defining of environmental and social risk score, customers are informed about the actions to be taken. The risk assessment framework which covers the short, medium and long-term effects is monitored until the maturity of the loan. The Bank conducts site visits and monitors the implementation of the action and management plans of the project. In 2021, 22 investments were evaluated within the scope of the ESRA System, and a total of USD 685.3 million credit limit was allocated to these investments. Investments evaluated within the scope of ESRA in 2021 are as follows; Infrastructure:USD 233.8 million, Mining:USD 141.9 million, Manufacturing USD 138.3 million, Hydroelectric power plant:USD 158.1 million, Solar Power Plant:USD 4.7 million, Biomass Power Plant:USD 8.5 million.

Portfolio

Banking (Bank)

Information related to

Water

Type of information considered

Other, please specify (Internal question sets are used based on national regulations and IFC Standards.)

Process through which information is obtained

Directly from the client/investee
From an intermediary or business partner
Data provider
Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Transportation
Other, please specify (Infrastructure, Manufacturing, Mining)

State how these forests- and/or water-related information influences your decision making

Yapı Kredi manages all of its environmental impact including climate change, forest and water risks stemming from its lending activities through Environmental and Social Risk Assessment (ESRA) system which has been launched based on the national legislation and the International Finance Corporation's (IFC) Performance Standards. Under this system, all new investments and projects which have an investment amount of USD 10 million and above are evaluated. This ESRA system is carried out by an expert team under the Corporate and Commercial Loans Department. The Executive Vice President of Credits, who is also the member of the Sustainability Committee, is responsible for the execution of this system. As per ESRA, initially all loan requests received by the Bank are evaluated with respect to the Bank's lending policies and the Exclusion List contained in the Environmental and Social Policy. Activities that are under the Bank's exclusion list and do not comply with those policies are not financed under no circumstances. Under the ESRA System, investments are examined under various environmental and social management parameters within the scope of national and international standards. Based on the outcome of the assessment performed using sector-specific question sets, the relevant investment's associated risk category is defined as high risk (Category A), medium high (Category B+), medium low (Category B-) and low (Category C). Upon the risk category, action and monitoring plans are created in cooperation with the project or investment owner. If the risk category is under high-risk one, oversight of these actions is carried out under the supervision of independent consultants. Following the defining of environmental and social risk score, customers are informed about the actions to be taken. The risk assessment framework which covers the short, medium and long-term effects is monitored until the maturity of the loan. The Bank conducts site visits and monitors the implementation of the action and management plans of the project. In 2021, 22 investments were evaluated within the scope of the ESRA System, and a total of USD 685.3 million credit limit was allocated to these investments. Investments evaluated within the scope of ESRA in 2021 are as follows; Infrastructure:USD 233.8 million, Mining:USD 141.9 million, Manufacturing USD 138.3 million, Hydroelectric power plant:USD 158.1 million, Solar Power Plant:USD 4.7 million, Biomass Power Plant:USD 8.5 million.

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
Forests	No	Risks exist, but none with the potential to have a substantive financial or strategic impact on business	Yapı Kredi defines substantive financial or strategic impact as; 1) Financially; Possibility of financial loss more than TRY 150 million is "very high" risk level. Possibility of financial loss between TRY 25-150 million is "high" risk level. Possibility of financial loss between TRY 250,000-25 million is "moderate" risk level. Possibility of financial loss up to TRY 250,000 is "low" risk level. 2) Reputational loss; significant loss of reputation among all stakeholders such as customers, employees, suppliers, strategic partners, leading to massive public reactions or media / social media crisis, 3) Operationally; system disruptions, service interruptions or failure to sustain operations due to the significant increase in the workload driven by social or environmental hazards, 4) Legally; disruptive consequences such as suspension of operations, licenses revocation or senior management condemnation driven by the breach of laws and legislation. Thanks to ESRA (Environmental and Social Risk Assessment) System, Yapı Kredi performs risk assessment at the beginning of the lending processes and potential risks and necessary monitoring activities are followed and considered before arising substantive financial or strategic impact on its operations.
Water	No	Risks exist, but none with the potential to have a substantive financial or strategic impact on business	Yapı Kredi defines substantive financial or strategic impact as; 1) Financially; Possibility of financial loss more than TRY 150 million is "very high" risk level. Possibility of financial loss between TRY 25-150 million is "high" risk level. Possibility of financial loss between TRY 250,000-25 million is "moderate" risk level. Possibility of financial loss up to TRY 250,000 is "low" risk level. 2) Reputational loss; significant loss of reputation among all stakeholders such as customers, employees, suppliers, strategic partners, leading to massive public reactions or media / social media crisis, 3) Operationally; system disruptions, service interruptions or failure to sustain operations due to the significant increase in the workload driven by social or environmental hazards, 4) Legally; disruptive consequences such as suspension of operations, licenses revocation or senior management condemnation driven by the breach of laws and legislation. Thanks to ESRA (Environmental and Social Risk Assessment) System, Yapı Kredi performs risk assessment at the beginning of the lending processes and potential risks and necessary monitoring activities are followed and considered before arising substantive financial or strategic impact on its operations.

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	No	Evaluation in process	Since the forest related portfolio of Yapı Kredi is lower than other sectors, the evaluation process was just started.
Water	No	Evaluation in process	Since the water related portfolio of Yapı Kredi is lower than other sectors, the evaluation process was just started.

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

In the years ahead, the need for sustainable finance flow will further increase within the scope of the transition to sustainable economy. Sustainable finance solutions and instruments will become the mainstream financing services. The financial services sector will then be expected to guide the real sector through advisory services under its sustainable/green finance product offerings. Hence, sustainable finance has been one of the main pillars of the Yapı Kredi's Sustainability Strategy.

Financial planning elements that have been influenced

Revenues
Capital allocation
Access to capital
Assets

Description of influence on financial planning

Within the scope of the Bank's current business processes, all loan requests, regardless of limit, are evaluated in line with the public Environmental and Social Policy in addition to internal lending policies and the Exclusion List included in the aforementioned policy. The loans or projects which are included in the Exclusion List of the Bank are not financed under any circumstances.

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

<Not Applicable>

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

In the years ahead, the need for sustainable finance flow will further increase within the scope of the transition to sustainable economy. Sustainable finance solutions and instruments will become the mainstream financing services. The financial services sector will then be expected to guide the real sector through advisory services under its sustainable/green finance product offerings. Hence, sustainable finance has been one of the main pillars of the Yapı Kredi's Sustainability Strategy.

Financial planning elements that have been influenced

Revenues
Capital allocation
Access to capital
Assets

Description of influence on financial planning

Within the scope of the Bank's current business processes, all loan requests, regardless of limit, are evaluated in line with the public Environmental and Social Policy in addition to internal lending policies and the Exclusion List included in the aforementioned policy. The loans or projects which are included in the Exclusion List of the Bank are not financed under any circumstances.

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

<Not Applicable>

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, but we plan to in the next two years

Type of scenario analysis used

<Not Applicable>

Parameters, assumptions, analytical choices

<Not Applicable>

Description of outcomes for this issue area

<Not Applicable>

Explain how the outcomes identified using scenario analysis have influenced your strategy

<Not Applicable>

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

Yapı Kredi conducted climate related scenario analysis however any scenario analysis to identify forests-related outcomes could not conducted yet. It is planned to address this in next two years.

Water

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, but we plan to in the next two years

Type of scenario analysis used

<Not Applicable>

Parameters, assumptions, analytical choices

<Not Applicable>

Description of outcomes for this issue area

<Not Applicable>

Explain how the outcomes identified using scenario analysis have influenced your strategy

<Not Applicable>

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

Yapı Kredi conducted climate related scenario analysis however any scenario analysis to identify water-related outcomes could not conducted yet. It is planned to address this in next two years.

FW-FS3.3

(FW-FS3.3) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity	Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS3.3a

(FW-FS3.3a) Provide details of your existing products and services that enable clients to mitigate deforestation and/or water insecurity.

Product type

Other, please specify (Agricultural Loans)

Taxonomy or methodology used to classify product(s)

Internally classified

Description of product(s)

Yapı Kredi believes that businesses in the agricultural sector are critical to the fulfillment of the Sustainable Development Goals (SDGs). Businesses operating in this sector play a key role in creating quality investment, decent employment, and supply chains that benefit producers and consumers alike. In this context, Yapı Kredi offers products to support the farmers in agricultural banking. For small and medium sized clients, it offers low interest loans for modern irrigation systems to decrease uncontrolled irrigation in Turkey.

Product enables clients to mitigate

Water insecurity

Type of activity financed, invested in or insured

Sustainable agriculture

Portfolio value (unit currency – as specified in C0.4)

870625534

% of total portfolio value

0.4

Product type

Other, please specify (Agricultural Loans)

Taxonomy or methodology used to classify product(s)

Green Bond Principles (ICMA)

Description of product(s)

In 2021, for EUR 25 million with the European Fund for Southeast Europe (EFSE) to be allocated to micro and small agricultural establishments located in underdeveloped cities to support sustainable agriculture.

Product enables clients to mitigate

Deforestation

Water insecurity

Type of activity financed, invested in or insured

Sustainable agriculture

Portfolio value (unit currency – as specified in C0.4)

% of total portfolio value

FW-FS3.4

(FW-FS3.4) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area	Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS3.4a

(FW-FS3.4a) Provide details of the policies which include forests- and/or water-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Forests

Type of policy

Credit/lending policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

Environmental_and_Social_Policy.pdf

Criteria required of clients/investees

Other, please specify (Performance Standards of the International Finance Corporation (IFC))

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Other, please specify (Covers all loan requests regardless of sector)

Forest risk commodities covered by the policy

All agricultural commodities

Forest risk commodity supply chain stage covered by the policy

Production

Processing

Trading

Manufacturing

Retailing

Exceptions to policy based on

<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

Within the scope of the Bank's current business processes, all loan requests, regardless of limit, are evaluated in line with the public Environmental and Social Policy in addition to internal lending policies and the Exclusion List included in the aforementioned policy. The loans or projects which are included in the Exclusion List of the Bank are not financed under any circumstances.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Water

Type of policy

Credit/lending policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

Environmental_and_Social_Policy.pdf

Criteria required of clients/investees

Other, please specify (Performance Standards of the International Finance Corporation (IFC))

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Other, please specify (Covers all loan requests regardless of sector)

Forest risk commodities covered by the policy

<Not Applicable>

Forest risk commodity supply chain stage covered by the policy

<Not Applicable>

Exceptions to policy based on

<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

Within the scope of the Bank's current business processes, all loan requests, regardless of limit, are evaluated in line with the public Environmental and Social Policy in addition to internal lending policies and the Exclusion List included in the aforementioned policy. The loans or projects which are included in the Exclusion List of the Bank are not financed under any circumstances.

FW-FS3.5

(FW-FS3.5) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

	Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain how the covenants included in financing agreements relate to your policies for this issue area	Explain why your organization does not include covenants for this issue area in financing agreements and any plans to address this in the future
Forests	Yes	Within the scope of its sustainable finance activities that make up a pillar of its sustainability strategy, Yapı Kredi provides financial solutions to sustainable development issues through sustainability-linked loans. During the allocation process of those loans, specific KPIs which is compatible with the LMA Sustainability-Linked Loan Principles are determined by cooperating with the customer. Those KPIs are added to the loan agreement as the provisions of margin and price advantage and monitored based on the certain timeframe.	<Not Applicable>
Water	Yes	Within the scope of its sustainable finance activities that make up a pillar of its sustainability strategy, Yapı Kredi provides financial solutions to sustainable development issues through sustainability-linked loans. During the allocation process of those loans, specific KPIs which is compatible with the LMA Sustainability-Linked Loan Principles are determined by cooperating with the customer. Those KPIs are added to the loan agreement as the provisions of margin and price advantage and monitored based on the certain timeframe.	<Not Applicable>

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area	Explain why you do not engage with your clients/investees on the issue area and any plans to address this in the future
Clients – Forests	Yes	<Not Applicable>
Clients – Water	Yes	<Not Applicable>
Investees – Forests	<Not Applicable>	<Not Applicable>
Investees – Water	<Not Applicable>	<Not Applicable>

FW-FS4.1a

(FW-FS4.1a) Give details of your forests- and/or water-related engagement strategy with your clients.

Type of clients

Clients of Banks

Issue area this engagement relates to

Water

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Other, please specify (Engage with clients on measuring exposure to water-related risk)

Portfolio coverage of engagement

89

Rationale for the coverage of your engagement

Engagement targeted at clients with increased water-related risks

Impact of engagement, including measures of success

All new investment and project financing loans and project finance advisory services with an investment amount greater than or equal to USD 10 million are evaluated under the Environmental and Social Risk Assessment (ESRA) system which was launched in 2017 based on the national legislation and the International Finance Corporation's (IFC) Environmental and Social Performance Standards. The impact of the water related engagement strategy is measured by customers' compliance with the requirements of the ESRA System, which minimizes negative environmental and social impacts including climate related impacts. To measure the success, for projects under high- or moderate-risk group, action plans are prepared and follow-up site visits and activities are conducted at least once a year by an external and independent environmental and social consultant/expert. Implementation results are presented at the annual Sustainability Management System Evaluation Meeting. Impact of engagement is compliance with Yapı Kredi's Environmental and Social Risk Assessment System which is based on IFC Performance Standards as well as Equator Principles which are integrated to the ESRA system in 2021.

Type of clients

Clients of Banks

Issue area this engagement relates to

Forests

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Other, please specify (Engage with clients on measuring exposure to forest-related risk)

Portfolio coverage of engagement

89

Rationale for the coverage of your engagement

Engagement targeted at clients with increased forest-related risks

Impact of engagement, including measures of success

All new investment and project financing loans and project finance advisory services with an investment amount greater than or equal to USD 10 million are evaluated under the Environmental and Social Risk Assessment (ESRA) system which was launched in 2017 based on the national legislation and the International Finance Corporation's (IFC) Environmental and Social Performance Standards. The impact of the water related engagement strategy is measured by customers' compliance with the requirements of the ESRA System, which minimizes negative environmental and social impacts including climate related impacts. To measure the success, for projects under high- or moderate-risk group, action plans are prepared and follow-up site visits and activities are conducted at least once a year by an external and independent environmental and social consultant/expert. Implementation results are presented at the annual Sustainability Management System Evaluation Meeting. Impact of engagement is compliance with Yapı Kredi's Environmental and Social Risk Assessment System which is based on IFC Performance Standards as well as Equator Principles which are integrated to the ESRA system in 2021.

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain	Agricultural commodity	Primary reason for not providing finance and/or insurance to smallholders	Explain why your organization does not provide finance/insurance to smallholders and any plans to change this in the future
Row 1	Yes	Timber products Cattle products Soy Sugar	<Not Applicable>	<Not Applicable>

FW-FS4.3a

(FW-FS4.3a) Describe how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity.

Timber products

Financial service provided

Banking

Smallholder financing/insurance approach

Financial incentives for sustainable practices

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

Yapı Kredi offers broad range of financial products to agricultural customers across Turkey. For instance, the Bank introduced the Productive Card to enable farmers to purchase their inputs and repay after they collect their harvest. Further, in 2021, the Bank signed a loan agreement for EUR 25 million with the European Fund for Southeast Europe (EFSE) to be allocated to micro and small agricultural establishments located in underdeveloped cities. In this regard, the Bank also support the development of sustainable agricultural practices.

Cattle products

Financial service provided

Banking

Smallholder financing/insurance approach

Financial incentives for sustainable practices

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

Yapı Kredi offers broad range of financial products to agricultural customers across Turkey. For instance, the Bank introduced the Productive Card to enable farmers to purchase their inputs and repay after they collect their harvest. Further, in 2021, the Bank signed a loan agreement for EUR 25 million with the European Fund for Southeast Europe (EFSE) to be allocated to micro and small agricultural establishments located in underdeveloped cities. In this regard, the Bank also support the development of sustainable agricultural practices.

Soy

Financial service provided

Banking

Smallholder financing/insurance approach

Financial incentives for sustainable practices

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

Yapı Kredi offers broad range of financial products to agricultural customers across Turkey. For instance, the Bank introduced the Productive Card to enable farmers to purchase their inputs and repay after they collect their harvest. Further, in 2021, the Bank signed a loan agreement for EUR 25 million with the European Fund for Southeast Europe (EFSE) to be allocated to micro and small agricultural establishments located in underdeveloped cities. In this regard, the Bank also support the development of sustainable agricultural practices.

Sugar

Financial service provided

Banking

Smallholder financing/insurance approach

Financial incentives for sustainable practices

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

Yapı Kredi offers broad range of financial products to agricultural customers across Turkey. For instance, the Bank introduced the Productive Card to enable farmers to purchase their inputs and repay after they collect their harvest. Further, in 2021, the Bank signed a loan agreement for EUR 25 million with the European Fund for Southeast Europe (EFSE) to be allocated to micro and small agricultural establishments located in underdeveloped cities. In this regard, the Bank also support the development of sustainable agricultural practices.

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	Direct or indirect engagement that could influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	Yes, we engage directly with policy makers Yes, we engage indirectly through trade associations Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact this issue area	<Not Applicable>	<Not Applicable>
Water	Yes, we engage directly with policy makers Yes, we engage indirectly through trade associations Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact this issue area	<Not Applicable>	<Not Applicable>

FW-FS4.4a

(FW-FS4.4a) On what policy, law, or regulation that may impact forests and/or water security have you been engaging directly with policy makers in the reporting year?

Issue area(s)

Forests

Focus of policy, law or regulation that may impact this issue area

Circular economy
Sustainable finance

Specify the policy, law or regulation on which your organization is engaging with policymaker

Green Deal

Policy, law or regulation coverage

National

Country/region the policy, law or regulation applies to

Turkey

Your organization's position on the policy, law or regulation

Support with no exceptions

Description of engagement with policymakers

Yapı Kredi is an active member of Turkish Industry & Business Association's (TÜSİAD) Environment and Climate Change Working Group. This Group works in cooperation with public institutions and non-governmental organizations on priority issues such as combating climate change, sustainable finance, waste management, water management, sustainable agriculture, energy and resource efficiency. Yapı Kredi contributes to TÜSİAD's position statements and extends support for reports and research associated with agenda about those subjects.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the Sustainable Development Goals?

Yes, we have evaluated, and it is aligned

Issue area(s)

Water

Focus of policy, law or regulation that may impact this issue area

Circular economy
Sustainable finance
Water quality and/or discharge treatment standards and requirements

Specify the policy, law or regulation on which your organization is engaging with policymaker

Green Deal, Water Pollution Control Regulation

Policy, law or regulation coverage

National

Country/region the policy, law or regulation applies to

Turkey

Your organization's position on the policy, law or regulation

Support with no exceptions

Description of engagement with policymakers

Yapı Kredi is an active member of Turkish Industry & Business Association's (TÜSİAD) Environment and Climate Change Working Group. This Group works in cooperation with public institutions and non-governmental organizations on priority issues such as combating climate change, sustainable finance, waste management, water management, sustainable agriculture, energy and resource efficiency. Yapı Kredi contributes to TÜSİAD's position statements and extends support for reports and research associated with agenda about those subjects.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the Sustainable Development Goals?

Yes, we have evaluated, and it is aligned

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Explain how your organization measures its portfolio impact on this issue area, including any metrics used to quantify impact	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Banking – Impact on Forests	Yes	To analyse the potential environmental and social impacts associated with its entire loan portfolio, in 2021, Yapı Kredi used the second version of the Portfolio Impact Analysis Tool (Impact Analysis Tool) co-developed by the Positive Impact Initiative, Principles for Responsible Banking signatories and United Nations Environment Programme Finance Initiative (UNEP FI). Yapı Kredi determined its potential areas of impact for the first time in 2020 using the Portfolio Impact Analysis Tool developed by the UN Environment Programme Finance Initiative (UNEP FI). After the Portfolio Impact Analysis Tool was updated and its second version was released, Yapı Kredi repeated its impact analysis in 2021. Through this tool, the Bank analysed the environmental and social impacts associated with its retail, business, corporate and investment banking portfolios.	<Not Applicable>	<Not Applicable>
Banking – Impact on Water	Yes	To analyse the potential environmental and social impacts associated with its entire loan portfolio, in 2021, Yapı Kredi used the second version of the Portfolio Impact Analysis Tool (Impact Analysis Tool) co-developed by the Positive Impact Initiative, Principles for Responsible Banking signatories and United Nations Environment Programme Finance Initiative (UNEP FI). Yapı Kredi determined its potential areas of impact for the first time in 2020 using the Portfolio Impact Analysis Tool developed by the UN Environment Programme Finance Initiative (UNEP FI). After the Portfolio Impact Analysis Tool was updated and its second version was released, Yapı Kredi repeated its impact analysis in 2021. Through this tool, the Bank analysed the environmental and social impacts associated with its retail, business, corporate and investment banking portfolios.	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported	Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity
Lending to companies operating in the timber products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	The assessment study on determination of Yapı Kredi's exposure to timber, cattle and soy products supply change is not started yet but planned to assess in next to years.
Lending to companies operating in the palm oil products supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cattle products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	The assessment study on determination of Yapı Kredi's exposure to timber, cattle and soy products supply change is not started yet but planned to assess in next to years.
Lending to companies operating in the soy supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	The assessment study on determination of Yapı Kredi's exposure to timber, cattle and soy products supply change is not started yet but planned to assess in next to years.
Lending to companies operating in the rubber supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cocoa supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the coffee supply chain	No	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS6.1

(FW-FS6.1) Have you published information about your organization’s response to forests- and/or water-related issues 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

Integrated Annual Report 2021.pdf

Page/Section reference

Governance: 180-226 Strategy: 46-48 Risks & opportunities:74

Content elements

Governance

Strategy

Risks and opportunities

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