

# Welcome to your CDP Climate Change Questionnaire 2023

## 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 consolidated assets worth TRY 1.2 trillion as of 2022 YE. The Bank has a strong shareholding structure which ensures sustainable and profitable growth. The Bank's 27.02% 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 İstanbul stand 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 16,516 employees and 801 branches covering all regions of Turkey. Total cash and non-cash loans of the Bank on a consolidated basis were up by 47% and reached TRY 850 billion in 2022 while total deposit volume reached TRY 705 billion.

Yapı Kredi delivers its products and services via its 4,721 ATMs, innovative internet banking, leading mobile banking, call center and approximately 1,135 thousand POS terminals. 98% of the Bank's transactions were carried out through digital channels as of 2022 YE. Yapı Kredi serves its customers through retail banking, SME banking, corporate and commercial banking, and private banking, supported by its subsidiaries which operate 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 to be a customer-centric commercial bank driven by cutting-edge technology and a committed workforce, thus delivering responsible growth. Yapı Kredi believes that a sustainable economy and business models can only be achieved by ensuring environmental and social sustainability, aiming to become a key driving force in a low-carbon economy. It supports the transition to a low-carbon economy with its products and services. Yapı Kredi continues its work to transform its lending and investment portfolio under the Carbon Transformation Program. In 2022, the

Bank became carbon neutral by neutralising its Scope 1 and 2 emissions arising from operational activities, by carrying out projects on energy efficiency, and by ensuring a 100% renewable energy supply. Yapı Kredi continues its support of various international initiatives developed to manage and reduce the emissions of the sector arising from operations and loan portfolios. To this end, Yapı Kredi became the first and only institution in Turkey to commit to setting emission reduction targets within the Science Based Target Initiative framework with “Business Ambition for 1.5°C”. In 2022, The Bank received 2 syndicated loans with a total of USD 1,268 million which includes climate change-related criteria such as increasing renewable energy use, installation of solar panels and decreasing the Bank’s Scope 1 and Scope 2 GHG emissions.

Yapı Kredi’s commitment to sustainability places the Bank at the forefront of banks in the industry. The Bank aligns its operations with the principles of the United Nations Global Compact and the Sustainable Development Goals, following a responsible finance approach. Being one of the founding signatories of the United Nations Principles for Responsible Banking (UN PRB), it has remained actively engaged in promoting financial inclusion throughout 2022. To consolidate its position and continuously improve its performance, Yapı Kredi works to be listed in national and international ESG indices and ratings; by being listed in Borsa Istanbul (BIST) Sustainability Index since its launch in 2014, and in BIST Corporate Governance Index since 2008. The Bank has also been selected for the FSTSE4Good Emerging Markets Index of the London Stock Exchange in 2017. Yapı Kredi received a rating above the global, sectoral and country averages with its reporting and was entitled to be included in the 2023 Bloomberg Gender Equality Index (GEI) for the third time in a row. The Bank is one of the supporters of the Task Force on Climate-related Financial Disclosures (TCFD). The Bank has increased its MSCI ESG rating by three levels in 2022 and has been shown in the AA (Leader) class. Yapı Kredi has been listed among the top-performing companies in the international banking sector for the second time in the S&P Sustainability Yearbook, with its reporting within the scope of S&P Global’s Corporate Sustainability Assessment since 2021. In the 2022 ESG Risk Rating report of Sustainalytics, the Bank was evaluated as having a “Strong” ESG risk management and achieved the best score among top Tier-1 Turkish banks.

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.**

### Reporting year

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**Start date**

January 1, 2022

**End date**

December 31, 2022

**Indicate if you are providing emissions data for past reporting years**

No

## 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? | Industry sectors your organization lends to, invests in, and/or insures |
|--|---|---|
| Banking (Bank)                             | Yes   | Exposed to all broad market sectors                                     |
| Investing (Asset manager)                  | No  |   |
| Investing (Asset owner)                    | No  |   |
| Insurance underwriting (Insurance company) | No  |   |

## 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 or committee | Responsibilities for climate-related issues  |
|-------------------------------------|--|
| Chief Executive Officer (CEO)       | <p>The CEO oversees and closely follows the progress in Yapı Kredi's sustainability targets. The CEO is also the chairman of the Executive Committee, which is the decision-making body of the Group, established to collectively decide upon priority topics, facilitate information sharing among senior management and support strong team spirit. The Committee holds regular bi-weekly meetings or according to the needs of the bank (at least once a month). All decisions are taken unanimously by the members. The Committee's responsibilities include assessing credit, operational, market and liquidity risks which are related to climate change.</p> <p>In 2022, the Executive Committee convened 48 times with the required majority and quorum satisfied.</p> |
| Director on board                   | <p>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 of economics since he worked as the Chief Economist, and Head of Strategic Planning and Research at Yapı Kredi. 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 and water-related issues.</p>  |

#### 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 |
|---|--|--------------------------------|----------------|
|---|--|--------------------------------|----------------|

|                                  |   |  |   |
|----------------------------------|---|--|---|
| <p>Scheduled – some meetings</p> | <p>Overseeing major capital expenditures<br/>Overseeing and guiding employee incentives<br/>Reviewing and guiding strategy<br/>Overseeing and guiding the development of a transition plan<br/>Overseeing and guiding scenario analysis<br/>Reviewing and guiding the risk management process</p> | <p>Climate-related risks and opportunities to our own operations<br/>Climate-related risks and opportunities to our banking activities<br/>The impact of our own operations on the climate<br/>The impact of our banking activities on the climate<br/>The impact of our investing activities on the climate</p> | <p>Climate-related topics, such as management of climate-related risks &amp; opportunities linked to operational as well as lending activities and setting up strategies/defining targets with regards to the reduction of emissions, are part of the Sustainability Committee’s responsibilities. The committee reviews the results of climate-related risk and opportunity assessment for the Bank’s own operations and banking activities, along with the climate-related impact assessment results of their own operations and investments. The committee directly reports to the board on the issues below.</p> <p>The following risks and opportunities are assessed and monitored by the Committee on a regular basis:</p> <ul style="list-style-type: none"> <li>• Risks and opportunities related to operation (physical &amp; legal)</li> <li>• Risks and opportunities related to financing activities (physical risk or opportunity of the investments/projects which might impact the environment &amp; society, transition risk or opportunity of the investments/projects which might arise due to regulatory developments)</li> </ul> <p>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.</p> <p>Based on the Sustainability Team’s findings and suggestions, the Sustainability Committee establishes and guides a comprehensive management approach for Yapı Kredi, consisting of:</p> <ul style="list-style-type: none"> <li>• Sustainability strategy</li> <li>• Plan of actions to be implemented</li> <li>• Climate-related scenario analysis</li> <li>• Risk management policies</li> <li>• Sustainability expenditures</li> <li>• Sustainability-related employee incentives</li> <li>• Targets and objectives related to the sustainability performance of the Bank</li> </ul> |
|----------------------------------|---|--|---|

|  |  |  |  |
|--|--|--|--|
|  |  |  | <p>In 2022, 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 main headings of the work that have been planned in 2022 were the review of the Bank's calculation of emissions due to lending, determination of the transition path for the priority sectors, taking into account current emissions and the Bank's strategic plans, and calculation of financial impacts, and finally, identification of transformation actions and financing opportunities for specific sectors.</p> |
|--|--|--|--|

## C1.1d

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

|       | <b>Board member(s) have competence on climate-related issues</b> | <b>Criteria used to assess competence of board member(s) on climate-related issues</b>  |
|-------|--|---|
| Row 1 | Yes  | <p>The CEO, who is a member of the Board of Directors, has been undertaking a pioneering role in the management of sustainability in the Bank through his role in the approval and implementation of the decisions presented by the Sustainability Committee. Closely following Yapı Kredi's sustainability agenda and performance, the CEO has been continuing to explore new ways to improve Yapı Kredi's vision and ability to combat and adapt to climate change.</p> <p>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 of 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, 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.</p> |

## C1.2

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

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### **Position or committee**

Chief Executive Officer (CEO)

### **Climate-related responsibilities of this position**

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)  
Providing climate-related employee incentives  
Developing a climate transition plan  
Integrating climate-related issues into the strategy  
Conducting climate-related scenario analysis  
Managing climate-related risks and opportunities

### **Coverage of responsibilities**

Risks and opportunities related to our banking  
Risks and opportunities related to our own operations

### **Reporting line**

Reports to the board directly

### **Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

### **Please explain**

The CEO oversees and closely follows the progress in Yapı Kredi's sustainability targets. The CEO is also the chairman of the Executive Committee, which is the decision-making body of the Bank, established to collectively decide upon priority topics, facilitate information sharing among senior management and support strong team spirit. The Committee holds regular bi-weekly meetings or according to the needs of the Bank (at least once a month). All decisions are taken unanimously by the members. The Committee's responsibilities include assessing credit, operational, market and liquidity risks, which are all related to climate change.

In 2022, the Executive Committee convened 48 times with the required majority and quorum satisfied.

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### **Position or committee**

Sustainability committee

### **Climate-related responsibilities of this position**

Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)  
Providing climate-related employee incentives  
Developing a climate transition plan  
Implementing a climate transition plan  
Integrating climate-related issues into the strategy  
Conducting climate-related scenario analysis  
Managing climate-related risks and opportunities

### **Coverage of responsibilities**

Risks and opportunities related to our banking  
Risks and opportunities related to our own operations

### **Reporting line**

Reports to the board directly

### **Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

### **Please explain**

Yapı Kredi Sustainability Committee was established to create Yapı Kredi's sustainability strategy and policies in economic, social and environmental areas, integrate this strategy and these policies into Bank operations, and monitor its sustainability performance. Climate-related risks & opportunities linked to operations as well as project finance and setting up strategies/defining targets with regard to the 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.

The VP of Corporate Communications, who is a member of senior management and directly reports to the CEO, is responsible for conducting the overall sustainability practices. Under the VP of Corporate Communications, Sustainability Team carries out all the practices regarding sustainable banking. There are five working groups working under the guidance of the Sustainability Committee and Sustainability Team coordinates all the work of working groups. Climate-related topics also constitute an important agenda item of these working groups. Additionally, Human Resources Organization and Internal Services EVP 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 part of its commitment under SBTi, The Bank needs to disclose its decarbonization targets. Accordingly, the most urgent need is to create a decarbonization roadmap for the bank differentiated by the sectors that it has activities in. The main headings of the work that have been planned by the Sustainability Committee in 2022 were the review of the Bank's calculation of emissions due to

lending, determination of the transition path for the priority sectors, taking into account current emissions and the Bank's strategic plans, and calculation of financial impacts, and finally, identification of transformation actions and financing opportunities for specific sectors.

## 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   | Incentives are provided at every employee level based on the performance evaluations against the determined targets and OKRs through internal audits conducted at least once a year and management review meetings every 6 months. |

### 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**

Chief Executive Officer (CEO)

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Board approval of climate transition plan  
Achievement of climate transition plan KPI

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

The incentive for the CEO is a set bonus figure that is tied to achieving the Bank's climate transition plan.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Neutralizing the Scope 1, Scope 2 and Scope 3 emissions arising from the Bank's operational activities are the KPIs that are set for the CEO to receive incentives.

The key performance indicator (KPI) used to measure the success criteria of the incentive is designed to motivate the CEO's actions that support the implementation of the Bank's climate transition plan.

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**Entitled to incentive**

Executive officer

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Implementation of an emissions reduction initiative  
Energy efficiency improvement  
Increased share of renewable energy in total energy consumption  
Reduction in total energy consumption

**Incentive plan(s) this incentive is linked to**

Short-Term Incentive Plan

**Further details of incentive(s)**

The incentive for the EVP - Human Resources, Organization and Internal Services is a set bonus figure that is tied to the implementation of projects for efficiency and resource saving (energy, water, etc.) through process improvements.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Implementing projects for efficiency and resource saving (energy, water, etc.) through process improvements are the KPIs set for the EVP – Human Resources, Organization and Internal Services. The KPIs aim to ensure compliance with the norm staff target, which supports the Bank's climate transition plan.

The key performance indicator (KPI) used to measure the success criteria of the incentive is designed to motivate the EVP - Human Resources, Organization and Internal Services's actions that support implementing the Bank's climate transition plan.

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**Entitled to incentive**

Business unit manager

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Implementation of an emissions reduction initiative  
Energy efficiency improvement  
Increased share of low-carbon energy in total energy consumption  
Reduction in total energy consumption

**Incentive plan(s) this incentive is linked to**

Short-Term Incentive Plan

**Further details of incentive(s)**

The incentive for the Real Estate and Construction Director is a set bonus figure that is tied to the implementation of projects for efficiency and resource saving (energy, water, etc.) through process improvements.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Implementation of projects for efficiency and resource saving (energy, water, etc.) through process improvements are the KPIs set for the Real Estate and Construction Director. The KPIs aim to ensure compliance with the norm staff target, which supports the Bank's climate transition plan.

The key performance indicator (KPI) used to measure the success criteria of the incentive is designed to motivate the Real Estate and Construction Director's actions that support the implementation of the Bank's climate transition plan.

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**Entitled to incentive**

Executive officer

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Increased alignment of portfolio/fund to climate-related objectives

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

The incentive for the Executive Vice President- Corporate Banking Management is a set bonus figure that is tied to Increasing the share of sustainable finance products in the corporate and commercial bank operations.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Increasing the share of sustainable finance products (such as Green Loans, Sustainability Linked Loans, etc.) in the corporate and commercial bank operations are the KPIs set for the Executive Vice President- Corporate Banking Management, who is responsible for the development of sustainable finance products. With the KPIs, the aim is to support the Banks climate transition plan and they are a part of related staff's annual goals, meaning the achievement of these targets is considered during the annual bonus evaluations.

The key performance indicator (KPI) used to measure the success criteria of the incentive is designed to motivate the Executive Vice President- Corporate Banking Management's actions that support implementing the Bank's climate transition plan.

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**Entitled to incentive**

Business unit manager

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Increased alignment of portfolio/fund to climate-related objectives

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

The incentive for the Sustainable Finance, Business Development Manager is a percentage of the salary figure that is tied to the development of sustainable finance products and increasing the share of these products in the corporate and commercial bank operations.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

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 Sustainable Finance, Business Development Manager's annual goals. The achievement of these targets will be considered during the annual bonus evaluations.

The incentive is designed to motivate the Project Finance, Business Development Manager's actions that support implementing the Bank's climate transition plan.

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**Entitled to incentive**

Business unit manager

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Progress towards a climate-related target  
Achievement of a climate-related target  
Implementation of an emissions reduction initiative  
Reduction in absolute emissions  
Reduction in emissions intensity  
Energy efficiency improvement  
Reduction in total energy consumption

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

The incentive for the Technical Building Management Team Manager is a percentage of the salary figure that is tied to energy, water and emissions management.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

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 manager which implements, leads and monitors the relevant projects.

The incentive is designed to motivate the staff for their actions that support the implementation of the Bank's climate transition plan.

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**Entitled to incentive**

Other, please specify  
Environmental Engineer

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Progress towards a climate-related target  
Achievement of a climate-related target  
Implementation of an emissions reduction initiative  
Reduction in absolute emissions  
Reduction in emissions intensity  
Energy efficiency improvement  
Reduction in total energy consumption

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

The incentive for the Environmental Engineer is a percentage of the salary figure that is tied to energy, water and emissions management.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

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 positions which implement, lead and monitor the relevant projects.

The incentive is designed to motivate the staff for their actions that support the implementation of the Bank's climate transition plan.

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**Entitled to incentive**

Other, please specify  
The Sustainability and CSR Manager

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Achievement of climate transition plan KPI  
Progress towards a climate-related target  
Achievement of a climate-related target  
Reduction in absolute emissions  
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

### **Further details of incentive(s)**

The incentive for the Sustainability and CSR Manager is a percentage of the salary figure that is tied to the performance of the Bank in sustainability and climate-related indices, supporting and guiding the development of science-based targets, and the achievement of these targets.

### **Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

The sustainability and CSR Manager is incentivized on the performance of the Bank in sustainability and climate-related indices. Some of them can be listed as:

- Alignment with the TCFD recommendations,
- Supporting the development of sustainable finance products which support the 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.

The incentive is designed to motivate the staff for their actions that support the implementation of the Bank's climate transition plan.

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### **Entitled to incentive**

All employees

### **Type of incentive**

Monetary reward

### **Incentive(s)**

Bonus – set figure

### **Performance indicator(s)**

Implementation of employee awareness campaign or training program on climate-related issues

### **Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

### **Further details of incentive(s)**

The incentive for all employees is a set bonus figure that is tied to suggesting an idea through the Evreka platform that is first of its kind and can contribute to the Bank's climate transition plan.

### **Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

The employees convey the creative ideas they conceive based on their own experiences or customer feedback 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 promoting the conversion of employees' creative ideas into projects that will create value. Employees are rewarded for their suggestions if their idea is the first of its kind and selected.

The incentive is designed to motivate the staff for their actions that support the implementation of the Bank's climate transition plan.

## 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 | 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  | We are considering offering an employment-based retirement scheme that incorporates ESG principles in the next two 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          | The short-term horizon is determined considering the Bank's short-term environmental targets.   |
| Medium-term | 1            | 5          | The medium-term horizon is determined based on the current regulative environment at national and international levels.                                 |
| Long-term   | 5            | 10         | The long-term horizon is driven by the Bank's reduction targets for its Scope 1 and Scope 2 absolute emissions arising from its operational activities. |

## 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, quantifiable risk indicators are:

The possibility of financial loss of more than TRY 150 million is a “very high” risk level,

The possibility of financial loss between TRY 25-150 million is a “high” risk level,

The possibility of financial loss between TRY 250,000-25 million is a “moderate” risk level,

The possibility of financial loss up to TRY 250,000 is a “low” risk level,

The severity of substantive financial impacts are measured with their associated monetary financial impact in TRY (currency). This monetary financial impact is calculated with scenarios which result in a loss for risks and gain for opportunities.

All in all, risks with the possibility of financial loss greater than TRY 250,000 and opportunities with the possibility of financial gain greater than TRY 250,000 are considered substantive.

2) Reputationally; significant loss of reputation among all stakeholders such as customers, employees, suppliers, and 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, license revocation or senior management condemnation driven by the breach of laws and legislation.

Any project/investment that falls under the substantive financial or strategic impact definition (defined above) would be considered a climate-related substantive financial or strategic impact.

## C2.2

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

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#### Value chain stage(s) covered

Direct operations

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 considers climate-related risk management as one of its top priorities and evaluates climate-related risks under operational risk, reputational risk, credit risk, and environmental risk areas. The Bank has more than a hundred risk experts in its risk management unit, which functions under the Audit Committee. The unit is responsible for measuring, monitoring, reporting, and controlling potential risks that Yapı Kredi may be exposed to, based on international and national regulatory frameworks and methods. In 2022, the Audit Committee convened 4 times with the required majority and quorum satisfied. The Committee reports at least once every six months to the Board of Directors. The Audit Committee's responsibilities include monitoring the performance of the Risk Management department. The responsible executive for risk management at the highest level is the Executive Vice President for Compliance, Internal Control and Risk Management.

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 into physical and transitional risks, which it determines by assessing their substantive financial and strategic impact. It has embraced a forward-looking capital planning approach to sustain its operations and monitors the number of inundation incidents, costs of physical damage, operational GHG emissions, GHG emission intensity, and energy consumption within the scope of climate risks.

The Bank incorporates its strategic approach to reducing emissions from its loan portfolio in its Reputational Risk Policy and Loan Policies which are approved by the Board of Directors. Yapı Kredi manages climate-related risks arising from lending activities under the ESRA (Environmental and Social Risk Assessment) system, applied by the Bank to corporate and commercial loan requests. ESRA uses the L-Type Matrix method. The L-Type Matrix method grades environmental risks by calculating weight ratios with a 5\*5 scoring system.

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 ESRA system. The ESRA System is operated 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.

To effectively monitor the environmental and social issues related to investments in Risk Category A or B, Yapı Kredi determines appropriate actions and monitoring activities based on the project and customer classifications. Customers are informed about the actions to be taken according to their project risk score. Moreover, the compliance department monitors all regulatory changes including the Environmental Law and related regulations. The risk assessment framework takes into account the short, medium, and long-term effects of the project/investment, as these effects can differ depending on the various stages, such as the construction or operation phases. The risks are monitored until the maturity of the loan. Yapı Kredi initiates the risk assessment process at the start of projects/investments but continues to conduct regular site visits to monitor the progress and to ensure compliance with the action and management plans. The frequency of these visits is determined by the specific nature of the project and 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 2022, 26 investments were assessed within the scope of the ESRA System; these investments were allocated a total credit line of USD 341.2 million as of December 2022. Additionally, system automation required for monitoring the ESRA System on the bid screens was completed and implemented within the same year. As a result of the system build and development works, the process documents used throughout the Bank were updated and made available to the relevant staff. After the automation process, the portfolio managers in the branches and all related teams received training on the purpose, scope, implementation and user guide of the ESRA System in order to renew the in-house ESRA training and raise corporate awareness.

Matters related to risk areas and critical sectors (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 guidelines and are also assessed within the scope of the ESRA system. The Bank monitors the share of fossil fuel projects in the energy portfolio and the carbon footprint of the project finance energy portfolio.

Reducing the carbon emission intensity of the credit portfolio is crucial, as it is the highest emission source in the banking sector. To identify transition risks, Yapı Kredi additionally considers several frameworks, such as the Transition Heatmap of the

United Nations Environment Program Finance Initiative (UNEP-FI) and the Environmental Risks Heatmap of Moody's rating agency, to classify different sectors according to their transition risk level. Consequently, the Bank has established five different risk rating categories for sectors where it has credit risk: very low, low, medium, high, and very high.

Finally, Yapı Kredi launched a project in 2022 to incorporate climate risks in all risk processes starting from the credit evaluation stage. Under the project titled "Integration of Climate Change Risks and Opportunities into Credit Processes", training and workshop series continue to build the knowledge capacity established within the Bank on this subject. With the completion of the said training, it is planned to accelerate the efforts to integrate climate risks and opportunities into credit evaluation mechanisms within the Bank.

## 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 | Yapı Kredi is dedicated to closely monitoring national and international developments related to climate change and taking necessary actions to comply with the current regulatory framework. To identify and manage climate-related risks, the Bank implements the Environmental and Social Risk Assessment (ESRA) system, based on national legislation and International Finance Corporation (IFC) Environmental and Social Performance Standards. Through ESRA, Yapı Kredi identifies, prevents, and minimizes environmental and social risks associated with projects and investments it finances. The Bank regularly updates the ESRA system to manage direct or indirect risks caused by clients' activities. Additionally, Yapı Kredi recognizes that non-compliance with current climate-related regulations can pose risks to its operations and considers these regulations in its climate-related risk assessment. For instance, non-compliance with the Regulation on Increasing Efficiency in the Use of Energy and Energy Resources has been identified as a risk. To comply with this regulation, Yapı Kredi facilities have appointed dedicated and certified energy managers. Annual declarations on the use of energy in the buildings are prepared and submitted in the required format through the online portal of the ministry. |
| Emerging regulation | Relevant, always included | Yapı Kredi is committed to staying up-to-date with national and international developments related to climate change and taking necessary actions to comply with emerging regulatory frameworks. To identify and manage climate-related risks, the Bank has implemented the Environmental and Social Risk Assessment (ESRA) system, which  |

|            |                           |  |
|------------|---------------------------|--|
|            |                           | <p>is based on national legislation and IFC Environmental and Social Performance Standards. Through ESRA, Yapı Kredi identifies, prevents, and minimizes environmental and social risks associated with projects and investments it finances. The Bank regularly updates ESRA to manage direct or indirect risks caused by clients' activities. Yapı Kredi recognizes that non-compliance with emerging climate-related regulations can pose risks to its operations and considers these regulations in its climate-related risk assessment. The Risk Department tracks Key Risk Indicators (KRIs) to manage operational risks, while the Compliance Department monitors regulatory changes related to environmental laws. The Bank launched the "Establishment of Sustainable Finance Infrastructure" project to incorporate the EU Taxonomy framework into its operations. Yapı Kredi also considers transitional risks related to the EU Green Deal and the potential introduction of a carbon border adjustment mechanism as a part of its climate-related risk assessment. The Bank intends to support its customers' transition to a low-carbon economy, support renewable energy and energy efficiency projects, and monitor the carbon border adjustment mechanism. Yapı Kredi plans to actively engage with its customers on topics including environmental and social impact management and new regulations.</p> |
| Technology | Relevant, always included | <p>Yapı Kredi takes a proactive approach to mitigate climate-related risks by closely monitoring and implementing technological advancements in energy emission reduction initiatives, energy generation, and energy efficiency projects. Yapı Kredi prioritizes the latest technology to promote resource efficiency and mitigate climate-related risks. To ensure that clients are using competitive international industry practices for climate change performance, Yapı Kredi requests that they use the latest technologies to support resource efficiency. The Bank also uses low-carbon technologies in operational activities and purchases carbon credits under energy efficiency action plans to reduce emissions. For instance, Yapı Kredi conducts studies on commissioning new-generation heating boilers and using renewable energy sources. The Bank evaluates new technologies for their potential risks and incorporates them into its climate-related risk assessments, with a focus on prioritizing the latest technology to promote resource efficiency and mitigate climate-related risks.</p>   |
| Legal      | Relevant, always included | <p>Yapı Kredi takes a proactive approach to managing climate-related risks by thoroughly evaluating the legal implications associated with these risks. To mitigate these risks, the Bank uses the Environmental and Social Risk Assessment (ESRA) System, which mandates clients to obtain environmental permits, licenses, official letters, and reports for Environmental Impact Assessments before they receive any loan disbursements. The risks related to climate change and legal issues can vary widely, ranging from potential environmental penalties to</p>  |

|            |                           |   |
|------------|---------------------------|---|
|            |                           | ambiguities in the legal framework. Non-compliance with climate change regulations can pose a significant risk to a bank's portfolio and its operations. One example of the activities that the Bank undertakes to manage this risk category is monitoring the carbon border adjustment mechanism (CBAM). CBAM will be incorporated into the EU Emissions Trading System (ETS), and the Bank will need to interact more actively with its customers on topics such as environmental and social impact management and new regulations to effectively manage this risk.   |
| Market     | Relevant, always included | Yapı Kredi's climate-related risk assessments within the market category primarily focus on reputational, environmental and social risk assessments. The global impact of climate change makes it the most significant risk factor that endangers our world across all domains. Climate change continues to trigger changes in the supply and demand of the Bank's products or services. To combat this risk category, the Bank is developing sustainable finance products and services and securing sustainability-linked funds to support the low-carbon economy and enhance its ESG risk management rating. The Bank also monitors physical risks such as inundation incidents, cost of physical damage from extreme weather events, carbon footprint, and GHG emissions. Moreover, the Bank has been a supporter of TCFD since 2021 and conducts studies in accordance with their recommendations. This includes assessing financial risks and opportunities related to climate change and incorporating both physical and transitional risks into the Bank's risk management processes. In 2022, the Bank launched a project called "Integration of Climate Change Risks and Opportunities into Credit Processes" to integrate climate risks into all credit evaluation processes. Yapı Kredi continues to offer training and workshops to enhance its employees' knowledge on the topic, with the goal of accelerating efforts to integrate climate risks and opportunities into credit evaluation mechanisms within the Bank. In addition, sustainability-linked funding the Bank raised in 2022 reached over 72% of total wholesale funding activities which was USD 1.8 billion. The share of ESG-related deals the Bank executed to this date corresponds to 30% of its total outstanding international funding. With these actions, the Bank aims to stay resilient to market changes triggered by the consequences of climate change. |
| Reputation | Relevant, always included | The Bank's basic 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 risk areas and critical sectors (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 guidelines and are also assessed within the scope of the Environmental and Social Risk Assessment (ESRA) system. Yapı Kredi's Reputational  |

|                |                           |  |
|----------------|---------------------------|--|
|                |                           | <p>Risk Policy also covers climate change-related reputational risks for example 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 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. Failure to meet customers' expectations for the Bank's performance in managing climate change impacts within its operations and activities could result in reduced demand for products and services. Giving utmost importance to its reputation, the Bank devoted itself to combating the climate crisis, with a commitment to increasing its support for the transition to a low-carbon economy with its products and services.</p> |
| Acute physical | Relevant, always included | <p>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 to manage operational risks, while the Compliance Department follows up on all regulatory changes, including environmental regulations. The Bank also employs Business Continuity Management Policy to minimize the risks that might threaten the continuity of the Bank's operations and to ensure the 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. Climate change-related 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), Northeast Anatolia Region is more prone to the 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 categories in terms of climate change. Hence, Yapı Kredi considers acute physical risks as</p>   |

|                  |                           |   |
|------------------|---------------------------|---|
|                  |                           | <p>relevant since the Bank conducts its operations and lending activities with its 801 branches all over Turkey. 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 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 regard 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 an increased probability of default.</p>  |
| Chronic physical | Relevant, always included | <p>Yapı Kredi assesses the potential impacts of environmental risks on its business through credit risk assessment including but not limited to its Environmental and Social Risk Assessment (ESRA) System. Climate change-related chronic physical risks primarily include long-term heat waves, floods, and droughts caused by changes in precipitation patterns and rising average temperatures. 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 categories 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. 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 regard 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.</p> |

## 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 |     |
|------------------------------------|-----|
| Banking (Bank)                     | Yes |

## 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) | Integrated into multi-disciplinary company-wide risk management process | 100  | Qualitative and quantitative | Short-term<br>Medium-term<br>Long-term | UNEP FI Portfolio Impact Analysis Tool for Banks<br>Internal tools/methods | <p>The Bank incorporates its strategic approach to reducing emissions from its loan portfolio in its Reputational Risk Policy and Loan Policies which are approved by the Board of Directors.</p> <p>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, the Bank assesses the investment further within the scope of the ESRA system. The ESRA System is operated by an expert team under the Corporate and Commercial Loans</p> |

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|  |  |  |  |  | <p>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:</p> <p>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,<br/>                 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,<br/>                 Category C: Business activities that have minimal or no environmental or social risk and/or impact.</p> <p>To effectively monitor the environmental and social issues related to investments in Risk Category A or B, Yapı</p> |
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|  |  |  |  |  | <p>Kredi determines appropriate actions and monitoring activities based on the project and customer classifications. Customers are informed about the actions to be taken according to their project risk score. Moreover, the compliance department monitors all regulatory changes including Environmental Law and related regulations. The risk assessment framework takes into account the short, medium, and long-term effects of the project/investment, as these effects can differ depending on the various stages, such as the construction or operation phases. The risks are monitored until the maturity of the loan.</p> <p>During 2022, 26 investments were assessed within the scope of the ESRA System; these investments were allocated a total credit line of USD 341.2 million as of December 2022. Additionally, system automation required</p> |
|--|--|--|--|--|---|

|  |  |  |  |  |   |
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|  |  |  |  |  | <p>for monitoring the ESRA System on the bid screens was completed and implemented within the same year. After the automation process, the portfolio managers in the branches and all related teams received training on the purpose, scope, implementation and user guide of the ESRA System in order to renew the in-house ESRA training and raise corporate awareness.</p> <p>Matters related to risk areas and critical sectors (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 guidelines and are also assessed within the scope of the ESRA system. The Bank monitors the share of fossil fuel projects in the energy portfolio and the carbon footprint of the project finance energy portfolio.</p> |
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|  |  |  |  |  | <p>In 2021, Yapı Kredi joined among the supporters of the Task Force on Climate-related Financial Disclosures (TCFD) in a reiteration of its commitment to the combat global climate crisis and effective management/disclosure of climate-related risks and opportunities. The Bank uses 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 the United Nations Environment Programme Finance Initiative (UNEP-FI).</p> <p>Being active in retail (card payment systems, individual banking, business banking, private banking and wealth management), corporate commercial and SME banking segments, Yapı Kredi assessed the potential impacts of its retail, corporate, commercial and SME banking activities. The segmentation employed by Yapı Kredi and the</p> |
|--|--|--|--|--|---|

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|--|--|--|--|--|--|
|  |  |  |  |  | <p>segmentation used in the Impact Analysis Tool are different. The Bank adopted the segment definitions of the Impact Analysis Tool under the UN Principles for Responsible Banking reporting.</p> <p>While using the Impact Analysis Tool, Yapı Kredi took into account the focus areas of its financial services offered to its individual customers and the number of active customers under the Consumer Banking segment. The impact of the services offered on all segments of society is assessed in an integrated manner. Within the scope of Business and Corporate Banking, the Bank has used the sectoral breakdown of loan volumes as a basis. In this context, the top ten sectors to which the Bank provides loans in both segments are included in the analysis. Energy, construction, retail trade, food and beverage industries are the main sectors in the Bank's portfolio.</p> |
|--|--|--|--|--|--|

## 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 |
|----------------|---|
| Banking (Bank) | Yes                                     |

## 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  
Materials  
Transportation  
Utilities  
Real Estate  
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 the 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 in detail. The ESRA system is carried out by an expert team under the Corporate and Commercial Loans Department. As per ESRA, 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 those that do not comply with 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, oversight of these actions is carried out under the supervision of independent consultants.

Following the definition 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.

Example of a climate-related decision made by the team operating ESRA within the last two years: In 2022, 26 investments were evaluated under the ESRA System, and a total of USD 341.2 million credit limit was allocated to investments that were marked positively by the system.

Investments with a total of USD 554.5 million evaluated within the scope of ESRA in 2022 are as follows; Infrastructure USD 60.5 million, Mining USD 94.6 million, Production USD 282.5 million, Wind Power Plant (WPP) USD 106.9 million, and Solar Power Plant (SPP) USD 10.0 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.**

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**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Banking portfolio

### **Risk type & Primary climate-related risk driver**

Emerging regulation  
Mandates on and regulation of existing products and services

### **Primary potential financial impact**

Increased credit risk

### **Climate risk type mapped to traditional financial services industry risk classification**

Credit risk

### **Company-specific description**

Climate change has triggered significant changes in regulations and market conditions worldwide. Governments are enacting stricter rules to combat greenhouse gas emissions, encourage renewable energy adoption, and minimize environmental harm. These regulations encompass carbon pricing mechanisms, renewable energy targets, and emissions standards. Consequently, industries are under growing pressure to transition to cleaner technologies and reduce their carbon footprint. Market dynamics are also shifting as consumer demand for sustainable products and services increases. Investors are now considering climate risks when making decisions, leading to a redirection of capital towards companies with strong environmental performance.

The Carbon Border Adjustment Mechanism (CBAM) was introduced under the European Green Deal for the EU's goal of being 'carbon-neutral' by 2050. CBAM is designed to impose a "carbon emission tax" at certain rates at the border, based on the carbon content of some products imported by the EU. In Turkey, which is one of the most important trade partners of the European Union and exports about half of its exports to the EU, the "Green Reconciliation Action Plan" was announced to the public on July 15, 2021, with the expectation that it will affect the trade relations with the EU. In 2022, the Ministry of Environment, Urbanization and Climate Change continued to work on the establishment of an Emissions Trading System (ETS) to prevent companies operating in related sectors exporting to the EU from incurring an additional carbon tax burden and thus from losing their competitive advantage.

Yapı Kredi's lending profitability, specifically with respect to carbon-related assets under CBAM which are loans to electricity, cement, iron and steel, aluminium and fertilizers sectors, could potentially face negative consequences due to market changes introduced by CBAM. The regulation possess the ability to impact the financial performance of carbon-related assets, which may, in turn, have implications for credit risks. All in all, the Bank's revenues from lending to carbon-related assets can decrease due to emerging regulations related to climate change.

### **Time horizon**

Medium-term

### **Likelihood**

More likely than not

### **Magnitude of impact**

High

### **Are you able to provide a potential financial impact figure?**

Yes, an estimated range

### **Potential financial impact figure (currency)**

#### **Potential financial impact figure – minimum (currency)**

0

#### **Potential financial impact figure – maximum (currency)**

2,100,000,000

### **Explanation of financial impact figure**

The estimated financial impact is calculated with the assumption that the revenues from the Bank's lending to assets within the scope of CBAM can decrease due to market changes introduced by the regulation.

The Bank's loan portfolio to companies within the sectors under CBAM (electricity, cement, iron and steel, aluminium and fertilizers) were assessed using an internal risk methodology. Financials, whether the companies calculate their Scope 1 and 2 emissions, whether these emission figures are public and finally, whether the companies have climate strategies or not were used as criteria for the risk assessment. Iron and steel, aluminium and fertilizers were the main sectors that was deemed risky at the end of the risk assessment process specifically conducted for CBAM. Total loan portfolio deemed risky is TRY 2,100,000,000.

The maximum potential financial impact figure given is the total lending portfolio of the Bank that are deemed risky to the sectors within to scope of CBAM.

The minimum potential financial impact figure is given as zero. This value represents the best-case scenario, where CBAM sector clients that received loans from the Bank stay resilient against the market changes introduced and successfully transition to a low-carbon economy.

### **Cost of response to risk**

0

### **Description of response and explanation of cost calculation**

The evolving market conditions resulting from the Green Deal and other climate-related emerging regulations can introduce uncertainties that affect the profitability of Yapı Kredi's lending activities involving carbon-related assets. This situation requires careful consideration to ensure financial resilience.

Aware of the transformative power of financing on the real sector, Yapı Kredi manages all of its environmental impacts including climate change and water risks stemming from

its lending activities under the Environmental and Social Risk Assessment (ESRA) System. To this end, all new investment and project finance loan requests and project advisory services, covered by corporate and commercial banking and have an investment amount of USD 10 million and above, are subject to the ESRA System.

In 2022, 26 investments were evaluated under the ESRA System, and a total of USD 341.2 million credit limit was allocated to these investments as of December 2022. The ESRA system and its application within the Bank are continuously improving.

The cost of response to risk given as zero. There were no additional costs associated with the operating costs of the ESRA system. Operation of the ESRA system is defined within the job descriptions of an expert team under the Corporate and Commercial Loans Department.

In 2022, there were no additional paid education programs conducted that is associated with the ESRA system.

For the highest risk projects assessed under the ESRA system, additional risk consulting services are purchased. However, the costs associated with these consulting services are paid by our clients.

In 2022, system automations required for monitoring the ESRA System on the bid screens were completed and implemented. As a result of the system build and development works, the process documents used throughout the bank were updated and made available to the relevant staff. There no were additional costs for this update as it was provided by the IT personnel of the Bank.

All in all, there were no additional costs associated with the ESRA system in 2022.

### **Comment**

No additional comment

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### **Identifier**

Risk 2

### **Where in the value chain does the risk driver occur?**

Other parts of the value chain

### **Risk type & Primary climate-related risk driver**

Chronic physical

Water scarcity

### **Primary potential financial impact**

Reduced profitability of investment portfolios

### **Climate risk type mapped to traditional financial services industry risk classification**

Credit risk

### **Company-specific description**

Turkey is among the countries experiencing high and extremely high water stress. According to the IPCC, the Mediterranean Basin, in which Turkey is located, is considered one of the most water-sensitive regions. Moreover, the data from the Meteorological Service of the country proves that the amount of precipitation continues to decline every year due to climate change. As a result of this, drought has emerged as a growing concern considering its adverse impacts on basin water levels. The Sixth Assessment Report of IPCC also underlines the drought risk and claims hydrological droughts in the Mediterranean Basin will intensify. Such water-related risks may pose credit risk to the Bank considering its lending exposure to hydroelectric power plants. That's why, water-related outcomes caused by water stress such as floods and drought are taken into account while analyzing the water-related risks both in direct and indirect activities of the Bank.

Water scarcity can reduce the profitability of the Bank's hydropower investment portfolio due to reduced revenues the power plants may encounter.

### **Time horizon**

Long-term

### **Likelihood**

Likely

### **Magnitude of impact**

High

### **Are you able to provide a potential financial impact figure?**

Yes, an estimated range

### **Potential financial impact figure (currency)**

#### **Potential financial impact figure – minimum (currency)**

0

#### **Potential financial impact figure – maximum (currency)**

1,896,180,000

### **Explanation of financial impact figure**

With the water-related risks on hydropower energy in an environment under water stress like Turkey, the financial impact is calculated as between 0 and the total eligible portfolio allocated to hydropower plants located in Turkey (USD 101.4 million), which is calculated as:

USD 101,400,000.00 (total hydropower portfolio in Turkey) x 18.7 TRY/USD (exchange rate) = TRY 1,896,180,000.00

Even though some regions have low water stress between basins located in Turkey, some basins have high and extremely high water stress levels. This situation makes lending activities of hydropower plants in Turkey high risk, especially located in water-stressed basins.

### **Cost of response to risk**

0

### **Description of response and explanation of cost calculation**

Yapı Kredi manages climate and water-related risks arising from lending activities under the ESRA (Environmental and Social Risk Assessment) system, applied by the Bank to corporate and commercial loan requests. In 2021, the Bank carried out improvement works in the system based on national legislation, International Finance Corporation Performance Standards (IFC PSs) and Equator Principles practices. The ESRA system leads to predetermining risks related to both climate and water and evaluates the respective project according to its impact on water resources. With ESRA, the Bank reduces

The ESRA system is operated by the Bank's specialist employees. As risk management for lending activities is one of Yapı Kredi's primary actions throughout its operations, there is no additional cost associated to manage this risk. Due to this, the cost of response is given as zero.

In 2022, there were no additional paid education programs conducted that is associated with the ESRA system.

For the highest risk projects assessed under the ESRA system, additional risk consulting services are purchased. However, the costs associated with these consulting services are paid by our clients.

In 2022, system automations required for monitoring the ESRA System on the bid screens were completed and implemented. As a result of the system build and development works, the process documents used throughout the bank were updated and made available to the relevant staff. There no were additional costs for this update as it was provided by the IT personnel of the Bank.

### **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?

Banking portfolio

### Opportunity type

Markets

### Primary climate-related opportunity driver

The development of new revenue streams from new/emerging environmental markets and products

### Primary potential financial impact

Reduced direct costs

### Company-specific description

In 2022, Yapı Kredi completed syndicated loan transactions in line with its goal of ensuring sustainability and creating long-term sustainable value for all its stakeholders. The sustainability criteria determined within the scope of these loans include targets for increasing the Bank's electricity supply from renewable energy sources and improving the Environmental, Social, and Governance (ESG) Risk Management rating. Yapı Kredi successfully completed its first syndicated loan based on sustainability criteria in May 2022. The syndicated loan, with a maturity of 367 days, consists of two tranches, in USD and EUR. With a total loan amounting to USD 349.5 million and EUR 431.5 million, the Bank aims to meet the resource needs of customers regarding foreign trade financing.

Yapı Kredi rolled over its second syndication loan in November 2022, with a maturity of 367 days, in two tranches, in US dollars and Euros, amounting to a total of 210 million US dollars and 249 million Euros, in line with the sustainability criteria selected by the Bank. Secured to support foreign trade financing, the loan was extended in two different currencies with the participation of 23 banks from 14 countries.

KPI targets for the loans:

The loan signed in May includes targets for increasing electricity supply from renewable energy sources, maintaining improved ESG risk management ratings and decreasing the Bank's Scope 1 and 2 greenhouse gas emissions. For the loan signed in November, sustainability-linked goals for generating renewable energy with solar panels to be installed on the Banking Base building and reducing the paper consumption used in the approval processes in line with the Bank's digitalization strategy.

**Opportunity:**

There is an opportunity in the form of reduced interest rate associated with the sustainability linked syndicated loans received by the bank. By meeting the KPI targets each syndicated loan, interest rate decreases from the base margin to a discounted rate. With this reduced interest rate, the Bank can reduce its direct costs.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

5,558,624.71

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

In May and November 2022, the Bank secured syndicated loans based on the Environmental, Social and Corporate Governance (ESG) performance criteria which included targets for increasing the Bank's electricity supply from renewable energy sources. The total funding amount in the two transactions is approximately USD 1.3 billion and will be used for foreign trade financing.

By meeting the KPI targets each syndicated loan, interest rate decreases from the base margin to a discounted rate. With this reduced interest rate, the Bank can reduce its direct costs.

The loan signed in May includes targets for increasing electricity supply from renewable energy sources, maintaining improved ESG risk management ratings and decreasing the Bank's Scope 1 and 2 greenhouse gas emissions. For the loan signed in November, sustainability-linked goals for generating renewable energy with solar panels to be installed on the Banking Base building and reducing the paper consumption used in the approval processes in line with the Bank's digitalization strategy

Potential financial impact calculation:

May Syndicated Loan: USD 349.5 million and EUR 431.5 million

November Syndicated Loan: USD 210 million and EUR 249 million

Used formula: Discount Amount = Amount x (Number of Discounted Days / Tenor) x (Discount rate)

May Loan - Saving from margin adjustment (saving from reduced interest rate):  
USD 349.5 million + (EUR 431.5 million x 1.0714 (EURUSD exchange rate)) x (239 days / 367 days (year)) x (0.03 (discount rate)) = USD 174,095.68

November Loan - Saving from margin adjustment (saving from reduced interest rate):  
USD 210 million + (EUR 249 million x 1.0714 (EURUSD exchange rate)) x (316 days / 367 days (year)) x (0.03 (discount rate)) = USD 123,156.98

Total savings to be achieved by accomplishing sustainability criteria until maturity =  
USD 174,095.68 + USD 123,156.98 = USD 297,252.66 x 18.7 TRY/USD (exchange rate) = TRY 5,558,624.71

### **Cost to realize opportunity**

755,967.45

### **Strategy to realize opportunity and explanation of cost calculation**

Yapı Kredi integrates sustainability into its entire business model and value chain. The Bank shows great sensitivity in the fight against the climate crisis, one of the most important items on the Bank's global agenda, and commits to increasing its support for the transition to a low-carbon economy with its products and services. To maintain its climate performance the Bank maintains a sustainability governance structure under the Sustainability Committee which employs the Bank's sustainability strategy under strategic priorities which are: Climate Crisis and Environment, Sustainable Finance, Risk Management and Corporate Governance and finally, Human and Society.

The syndicated loans obtained by Yapı Kredi serve as a testament to the international trust placed in the Bank and reflect the confidence in its commitment to sustainability. Being a bank that maintains its fundamentals at a strong level while contributing to the fight against climate change enabled it to receive these funds, Yapı Kredi successfully completed its first syndicated loan of the year based on sustainability criteria in May 2022 and its second syndicated loan of the year based on sustainability criteria in November 2022.

Cost to realize opportunity calculation:

To accomplish KPIs set by the syndicated loans and to realize this opportunity in the form of reduced interest rates, the Bank issued an ESG rating assessment and underwent an assurance service for its corporate carbon footprint calculations.

The ESG rating assessment's cost was EUR 27,500 and the fee for the assurance service for corporate carbon footprint was TRY 205,000.

Total cost to realize opportunity = (EUR 27,500 x 20,04 (TRY / EUR)) + TRY 205,000 =  
TRY 755,967.45

**Comment**

No additional comment

## C3. Business Strategy

### C3.1

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

**Row 1**

---

**Climate transition plan**

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

**Publicly available climate transition plan**

Yes

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

Our climate transition plan is voted on at AGMs and we also have an additional feedback mechanism in place

**Description of feedback mechanism**

In July 2021, Yapı Kredi joined the Business Ambition for 1.5°C platform of the Science Based Targets Initiative and pledged to set emissions reduction targets that will limit global warming to 1.5°C. Accordingly, the Bank started working towards its target to reduce its Scope 1 and Scope 2 absolute carbon emissions by 42% and 50.4% by 2030 and 2032 respectively as compared with 2021 base year.

Yapı Kredi announced its emission reduction targets via its Annual Report and CDP Report. The Bank's transition plan is open to feedback year-round via its corporate sustainability e-mail address [sustainability@yapikredi.com](mailto:sustainability@yapikredi.com).

In addition, during Yapı Kredi's AGMs, shareholders are informed about the recent developments and the trajectory of the Bank's climate change strategy. In 2022, the calculation of portfolio emissions according to PCAF methodology, the Bank's decision to set science-based targets and last year's (2021) CDP results were discussed.

**Frequency of feedback collection**

More frequently than annually

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

Annual Report, AGM Minutes (in Turkish)

 AGM\_2022.pdf

 yk22\_annual-report.pdf

## 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 |                                   |
|---|-----------------------------------|
| Row 1   | Yes, qualitative and quantitative |

## 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<br>NGFS scenarios framework | Portfolio                  |                                   | <p>Turkey's Intended Nationally Determined Contribution (INDC) is the 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 is based upon using the IPCC 2006 Guidelines and IPCC 2013 KP Supplement. In 2021, Turkey ratified the Paris Agreement and committed to achieving "net-zero carbon emissions" by 2053 and in 2023, the country updated its NDCs and published its intention to peak its emissions at the latest in the year 2038 and pledged a 41% reduction in emissions by 2030. In addition to the country's NDC, Yapı Kredi relies on the IPCC Sixth Assessment Report and the IPCC Special Report on Global Warming of 1.5°C and considers 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 by gradually reducing lending to fossil fuel or climate-vulnerable borrowers/clients/projects. In fact, the Bank declared that it will not finance any greenfield coal-fired thermal power plants and new projects engaged in coal mining.</p> <p>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</p> |

|                                    |              |  |   |
|------------------------------------|--------------|--|---|
|                                    |              |  | <p>Case Scenario. Through this assessment, two main dimensions as physical and transitional risk were analyzed. The methodology utilized for this purpose involved both qualitative and quantitative tools. While calculating the transition risks, risks associated with reputation, technology, policy &amp; legal and market were considered.</p>  |
| Physical climate scenarios RCP 8.5 | Company-wide |  | <p>Yapı Kredi has conducted an analysis of the potential impacts on its business resulting from the RCP 4.5 and RCP 8.5 scenarios. Academic studies conducted by the Turkish State Meteorological Service indicate that these scenarios would lead to average temperature increases ranging from 1 to 2 degrees Celsius between 2016 and 2040, and 1.5 to 4 degrees Celsius between 2071 and 2099. These temperature rises would result in altered precipitation patterns, including increased rainfall during winter and decreased rainfall during spring, summer, and autumn across most of Turkey.</p> <p>We use the WRI Aqueduct tool to perform an analysis that incorporates elements of the RCP 8.5 scenario. Yapı Kredi has 134 branches in the Mediterranean Sea, East Coast basin, 119 branches in the Black Sea, South Coast basin, and 3 branches in the Caspian Sea, South West Coast basin. These locations are at varying levels of water risk stress, ranging from high-risk to extremely high-risk, and they also face high to extremely high riverine flood risk. This analysis will be used to guide our decision-making process regarding the development of future production sites, as well as existing ones.</p> |
| Physical climate scenarios RCP 1.9 | Company-wide |  | <p>Yapı Kredi relies on the IPCC Sixth Assessment Report and the IPCC Special Report on Global Warming of 1.5°C and considers 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 by gradually reducing lending to fossil fuel or climate-vulnerable borrowers/clients/projects. In fact, the Bank declared that it will not finance any greenfield coal-fired thermal power plants and new projects engaged in coal mining.</p> <p>In addition to these scenarios, by developing a science-based climate target according to the Science Based Target's criteria, Yapı Kredi utilizes an envelope of</p>   |

|  |  |  |  |
|--|--|--|--|
|  |  |  | climate scenarios including RCP 1.9 that aligns with 1.5C scenarios. |
|--|--|--|--|

## 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

What actions are to be taken in order to be in line with the target to achieve net zero by 2050 and to reduce the carbon intensity of the Bank's portfolio?

What steps can the Bank take to enhance its internal processes and mitigate climate-related risks associated with the loans it issues?

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

Description of the results: The scenario analysis results indicated that Yapı Kredi needs to measure and effectively manage its portfolio emissions to align with both national and international regulatory developments.

An example for decision/action: Along with its net zero commitment, Yapı Kredi launched a project within the Koç Holding Carbon Transformation Program to measure its emissions from its loan portfolio in 2021. Accordingly, the Bank continues to implement targets, strategies and action plans aimed at reducing energy and resource consumption in all its operational activities. In 2022, Yapı Kredi measured the emissions from the credit and investment portfolio of 2021 based on the PCAF methodology. Within the framework of its Science Based Targets Initiative commitment, the Bank continues its efforts to set out its medium and long-term science-based emission reduction targets. The Bank aims to reduce its Scope 1 and Scope 2 absolute emissions by 42% by 2030, and by 50.4% by 2032 compared to the base year 2019. In addition, the Bank aims to disclose its strategy for transforming its loan portfolio in line with these targets.

The Bank also incorporates its strategic approaches to reducing emissions from its loan portfolio in its Reputational Risk Policy and Credit Policies approved by the Board of Directors. Issues related to risky areas and sensitive sectors (non-environmentally friendly establishments, nuclear energy, mining and thermal power plant industry, water infrastructure and dam industry, etc.) are defined in line with the general principles of reputation risk management. Based on its new policies updated in 2021, Yapı Kredi declared that the Bank will not finance greenfield coal-fired thermal power plants and new projects engaged in coal mining. Yapı Kredi manages climate-related risks arising from lending activities under the ESRA (Environmental and Social Risk Assessment) system, applied by the Bank to corporate and commercial loan requests. The Bank

monitors the effects of air pollution through local environmental permits, monitoring of relevant air measurements, and Environmental and Social Action Plans for high-risk projects and investments. In addition, the Bank launched a project in 2022 to incorporate climate risks in all risk processes starting from the credit evaluation stage. Under the project, a training and workshop series titled “Integration of Climate Change Risks and Opportunities into Credit Processes” was initiated in order to build the knowledge capacity established within the Bank on this subject.

### 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   | <p>Yapı Kredi embraces a sensitive attitude toward social and environmental issues while ensuring economic development and growth and adopts this approach to create long-term value for each area and stakeholder. Accordingly, to ensure the transformation of the sector, the Bank offers sustainable finance solutions to sustainable development issues through numerous products and services such as sustainability-linked loans, renewable energy and energy efficiency loans, Nature-Friendly Mortgage, Nature-Friendly Auto Loans, and Clean Energy Fund. In the coming period, the Bank aims to expand and diversify its sustainable product portfolio in line with market and customer expectations. Thus, the Bank aims to respond to the net-zero transformation of its customers with its financial targets. With the loans extended in 2022, the Bank contributed TRY 850 billion to the sustainable growth of the Turkish economy. In addition, sustainability-linked funding the Bank raised in 2022 reached over 72% of total wholesale funding activities which was USD 1.8 billion. The share of ESG-related deals the Bank executed to this date corresponds to 30% of its total outstanding international funding. With these actions, the Bank aims to stay resilient to market changes triggered by the consequences of climate change.</p> <p>In 2022, the Bank completed the syndicated loan transactions in line with its goal of ensuring sustainability and creating long-term sustainable value for all its</p> |

|  |            |  |
|--|------------|--|
|  |            | <p>stakeholders. The sustainability criteria determined within the scope of these loans include targets for increasing the Bank's electricity supply from renewable energy sources and improving the Environmental, Social, Governance (ESG) Risk Management rating. The syndicated loans issued in 2022 reached a total value of USD 1.3 billion.</p> <p>In 2022, the Bank took out a USD 120 million loan from the International Finance Corporation (IFC). With this loan, Yapı Kredi Leasing will finance sustainable water and energy projects in various fields such as clean water, water efficiency and wastewater as well as green energy, energy efficient equipment, electric vehicle and charging infrastructure, energy efficiency improvements in buildings and facilities, and renewable energy solutions which contributes to climate change adaptation.</p>   |
| <p>Supply chain and/or value chain</p> | <p>Yes</p> | <p>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.</p> <p>In addition to the management of the environmental impact of its operational activities, Yapı Kredi monitors the environmental impact of its customers and suppliers, which make up its value chain, as part of its Sustainability Management System (SMS). With the Responsible Procurement Policy launched on December 21, 2016, the Bank gives priority, in its procurement processes, to suppliers that prefer efficient production methods that reduce GHG emissions, support the transition to a low-carbon economy, and reduce the use of natural resources and waste generation. Yapı Kredi also encourages all its suppliers to comply with the Bank's environmental, social and human rights criteria. In order to raise awareness on climate related issues within its value chain, Yapı Kredi works on an online curriculum on Environmental</p> |

|                   |     |   |
|-------------------|-----|---|
|                   |     | Management System and climate change to share with its suppliers.   |
| Investment in R&D | Yes | <p>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&amp;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&amp;D- focused products and projects in the finance sector in the İstanbul Technical University Arı Technopark. Upon establishment of the Onsite R&amp;D Center located in Yapı Kredi Bank Çayıröva campus in 2019, R&amp;D- focused innovative projects began to be executed from out of two different locations.</p> <p>In line with its strategy of digitalization of sales processes and customer experience, Yapı Kredi continued its investments in 2022 to ensure the continuous development of products and services in digital channels. In 2022, the number of active digital customers increased by 28% and the number of active mobile customers by 29% such that 89% of active retail banking customers now use digital channels. Moreover, 60% of financial transactions were carried out using the digital channels except for ATMs. On the other hand, 86% of cash transactions were carried out using the widespread ATM network throughout Turkey. These actions enable reducing the paper consumption used in the approval processes, which in line with the Bank's digitalization and climate strategy. In 2022, 450 million sheets of paper were saved with the Bank's digitalization efforts.</p> |
| Operations        | Yes | <p>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 2022, the Bank calculated its GHG emissions to cover all its buildings, branches and subsidiaries (Yapı Kredi Azerbaijan, Yapı Kredi Netherlands, Yapı Kredi Invest, Yapı Kredi Asset Management, Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Culture and Arts and Publishing (YKKSŞ), and Yapı Kredi Technology), and renewed its ISO 14064-1 certificate. Yapı Kredi carries out improvement works to reduce GHG emissions with regular monitoring</p>   |

|  |  |   |
|--|--|---|
|  |  | <p>activities and emission reduction projects.</p> <p>One of these projects is the “Rooftop Solar Power Plant (GES)” project, which was established in the Banking Base Headquarters Buildings. Another project was the replacement of natural gas boilers in the Plaza D Block facility with new generation energy efficient boilers and the conversion of LED lighting in the emergency exit halls and car park floors. The Bank transformed the Yapı Kredi Bodrum Branch into a “Sustainable Branch” with the collaboration of Yapı Kredi Leasing and Arçelik. The sustainable branch, with solar panels installed on its roof, provides ~19% of its electricity consumption from renewable energy. Renewable energy produced in 2022 is 19% of branch consumption.</p> <p>In 2022, with the rainwater collection project implemented at the Banking Base, approximately 3.5 thousand m3 of rainwater was used for garden irrigation in. The project enables the use of rain water and well water for landscape irrigation instead of mains water which in return contributes to climate change adaptation.</p> <p>All in all, guided by its Scope 1 and 2 absolute emissions reduction target, The Bank continues to improve the climate performance of its operations.</p> |
|--|--|---|

### 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<br>Capital expenditures<br>Access to capital | <p>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 2022, many projects regarding energy were realized. These projects influenced the Bank’s CAPEX and direct costs.</p> <p>Yapı Kredi carries out projects to achieve energy efficiency in its operational activities and to use renewable energy sources while reducing the energy consumption arising from its operations. One of the most important of these projects is the “Rooftop Solar Power Plant (GES)” project, which was established in the Banking Base Headquarters Buildings. Another project was the replacement of natural gas boilers in the Plaza D Block facility with new generation energy</p> |

|  |  |
|--|--|
|  | <p>efficient boilers and the conversion of LED lighting in the emergency exit halls and car park floors.</p> <p>Additionally, in 2022, Yapı Kredi completed the syndicated loan transactions in line with its goal of ensuring sustainability and creating long-term sustainable value for all its stakeholders. The sustainability criteria determined within the scope of these loans include targets for increasing the Bank's electricity supply from renewable energy sources and improving the Environmental, Social, Governance (ESG) Risk Management rating. The syndicated loans issued in 2022 reached a total value of USD 1.3 billion.</p> |
|--|--|

### C3.5

**(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?**

| Identification of spending/revenue that is aligned with your organization's climate transition |   |
|--|---|
| Row 1  | Yes, we identify alignment with our climate transition plan |

### C3.5a

**(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.**

#### Financial Metric

Other, please specify

Outstanding project finance loan amount with carbon footprint calculation

#### Type of alignment being reported for this financial metric

Alignment with our climate transition plan

#### Taxonomy under which information is being reported

#### Objective under which alignment is being reported

#### Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

5,816,226,337

#### Percentage share of selected financial metric aligned in the reporting year (%)

89

#### Percentage share of selected financial metric planned to align in 2025 (%)

100

**Percentage share of selected financial metric planned to align in 2030 (%)**

100

**Describe the methodology used to identify spending/revenue that is aligned**

89% of portfolio emissions belonging to project finance was calculated with Partnership for Carbon Accounting Financials (PCAF) methodology. Emissions belonging to projects with a PCAF data quality score lower than 3 were included. The Bank's aim is to include all project finance emissions to its inventory with adequate data quality, which in return enable setting robust GHG emission reduction targets.

## 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?**

|       | <b>Policy framework for portfolio activities that include climate-related requirements for clients/investees, and/or exclusion policies</b> |
|-------|---|
| Row 1 | Yes, our framework includes both policies with climate-related client/investee requirements and climate-related 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](https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_environmental_and_social_policy.pdf)

**Criteria required of clients/investees**

Disclosure of Scope 1 emissions

Disclosure of Scope 2 emissions

Develop a climate transition plan

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**

Clients/investees must be compliant within the next year

### **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**

### **Explain how criteria required, 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 policy. The loans or projects which are included in the Exclusion List of the Bank are not financed under any circumstances.

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.

In 2022, system automations required for monitoring the ESRA System on the bid screens were completed and implemented. As a result of the system build and development works, the process documents used throughout the bank were updated and made available to the relevant staff. After the automation process, the portfolio managers in the branches and all related teams received trainings on the purpose, scope, implementation and user guide of the ESRA System in order to renew the in-house ESRA trainings and raise corporate awareness.

The Bank continues its efforts to set out its medium and long-term science based emission reduction targets for both operational and lending activities.

## 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

All Coal

### Year of exclusion implementation

2021

### Timeframe for complete phase-out

By 2050

### Application

New business/investment for new projects

### Country/Area/Region the exclusion policy applies to

Other, please specify

The exclusion policy of the Bank covers all countries/regions.

### Description

Based on its new policies updated in 2021, Yapı Kredi declared that the Bank will not finance greenfield coal-fired thermal power plants and new projects engaged in coal

mining.

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 .

## 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 |     |
|---|-----|
| Row 1   | Yes |

## 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   | Coverage of covenants  | Please explain  |
|---|---|------------------------|---|
| Purpose or use of proceeds clause refers to sustainable project<br>Margin or pricing depends on sustainability criteria<br>Minimum level of green assets mandated<br>Legal mandate to obtain third party verification<br>Covenants related to compliance with your policies | Corporate loans<br>Retail loans<br>Corporate real estate<br>Retail mortgages<br>Project finance | Depending on loan size | 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 a certain timeframe.<br>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

Portfolio target

### C4.1a

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

---

**Target reference number**

Abs 1

**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

**Year target was set**

2021

**Target coverage**

Company-wide

**Scope(s)**

Scope 1

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Base year**

2021

**Base year Scope 1 emissions covered by target (metric tons CO<sub>2</sub>e)**

15,843.85

**Base year Scope 2 emissions covered by target (metric tons CO<sub>2</sub>e)**

23,703.4

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)**

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

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

39,547.25

**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, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year**

**emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)**

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)**

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)**

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)**

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

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

100

**Target year**

2030

**Targeted reduction from base year (%)**

42

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

22,937.405

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

14,554.5

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

0

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)**

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

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

14,554.5

**Does this target cover any land-related emissions?**

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

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

150.4694956515

**Target status in reporting year**

Achieved

**Please explain target coverage and identify any exclusions**

Target covers the Bank's Scope 1 and 2 emissions. No exclusions.

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

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

Renewable electricity procurement

---

**Target reference number**

Abs 2

**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

**Year target was set**

2021

**Target coverage**

Company-wide

**Scope(s)**

Scope 1

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Base year**

2021

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

15,843.85

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

23,703.4

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)**

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

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

39,547.25

**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, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)**

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)**

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

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

100

**Target year**

2032

**Targeted reduction from base year (%)**

50.4

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

19,615.436

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

14,554.5

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

0

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)**

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

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

14,554.5

**Does this target cover any land-related emissions?**

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

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

125.3912463763

**Target status in reporting year**

Achieved

**Please explain target coverage and identify any exclusions**

Target covers all Scope 1 and Scope 2 emissions of the Bank. There are no exclusions.

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

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

Renewable electricity procurement contributed the most to this target.

## C-FS4.1d

**(C-FS4.1d) Provide details of the climate-related targets for your portfolio.**

---

**Target reference number**

Por1

**Year target was set**

2022

**Portfolio**

Banking (Bank)

**Product type/Asset class/Line of business**

Project finance

**Sectors covered by the target**

Energy

**Target type**

Sector Decarbonization Approach (SDA)

**Target type: Absolute or intensity**

Absolute

**Scopes included in temperature alignment**

**Metric (or target numerator if intensity)**

Metric tons CO<sub>2</sub>e

**Target denominator**

**Base year**

2021

**Figure in base year**

3,609,628

**Percentage of portfolio emissions covered by the target**

47

**Monetary metric for portfolio coverage (unit currency as reported in C0.4)**

Loan book value

**Percentage of portfolio covered by the target, using a monetary metric**

41

**Frequency of target reviews**

Annually

**Interim target year**

2030

**Figure in interim target year**

1,078,510

**Target year**

2035

**Figure in target year**

664,310

**Figure in reporting year**

3,414,251

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

6.633477268

**Aggregation weighting used**

**Proportion of portfolio emissions calculated in the reporting year based on asset level data**

58

**Proportion of the temperature score calculated in the reporting year based on company targets**

**Target status in reporting year**

Underway

**Is this a science-based target?**

Yes, we consider this a science-based target, it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, and we have committed to seek validation by, or it is currently being reviewed by, the Science Based Targets initiative

**Target ambition**

1.5°C aligned

**Please explain target coverage and identify any exclusions**

Target covers financed electricity generation projects in the project finance portfolio.

---

**Target reference number**

Por2

**Year target was set**

2022

**Portfolio**

Banking (Bank)

**Product type/Asset class/Line of business**

Project finance

**Sectors covered by the target**

Real estate

**Target type**

Sector Decarbonization Approach (SDA)

**Target type: Absolute or intensity**

Absolute

**Scopes included in temperature alignment**

**Metric (or target numerator if intensity)**

Metric tons CO2e

**Target denominator**

**Base year**

2021

**Figure in base year**

39,759

**Percentage of portfolio emissions covered by the target**

0.52

**Monetary metric for portfolio coverage (unit currency as reported in C0.4)**

Loan book value

**Percentage of portfolio covered by the target, using a monetary metric**

16

**Frequency of target reviews**

Annually

**Interim target year**

2030

**Figure in interim target year**

14,858

**Target year**

2035

**Figure in target year**

8,469

**Figure in reporting year**

38,389

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

4.3783956536

**Aggregation weighting used**

**Proportion of portfolio emissions calculated in the reporting year based on asset level data**

0.65

**Proportion of the temperature score calculated in the reporting year based on company targets**

**Target status in reporting year**

Underway

**Is this a science-based target?**

Yes, we consider this a science-based target, it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, and we have committed to seek validation by, or it is currently being reviewed by, the Science Based Targets initiative

**Target ambition**

1.5°C aligned

**Please explain target coverage and identify any exclusions**

Target covers financed real estate projects in the project finance portfolio. Only one under construction real estate project was excluded.

## 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**

2021

**Target coverage**

Company-wide

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Base year**

2021

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

35,022

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

39

**Target year**

2022

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

100

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

100

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

100

**Target status in reporting year**

Achieved

**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.

**Is this target part of an overarching initiative?**

Science Based Targets initiative

**Please explain target coverage and identify any exclusions**

Target covers company-wide electricity use. There are no exclusions.

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

**List the actions which contributed most to achieving this target**

The only action that contributes to this target is the use of renewable electricity.

## 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

Por1

Por2

**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 two 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 42% until 2030, and by 50.6% until 2032, taking 2021 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 for the Net Zero target.

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 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**

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

Currently under review.

## 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       | 0                     |  |
| To be implemented*        | 0                     | 0  |
| Implementation commenced* | 0                     | 0  |
| Implemented*              | 6                     | 36,015.6   |
| 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

Low-carbon energy generation  
Solar PV

#### Estimated annual CO2e savings (metric tonnes CO2e)

21.34

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

Scope 2 (location-based)  
Scope 2 (market-based)

#### Voluntary/Mandatory

Voluntary

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

4,730,311

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

13,326,667

#### Payback period

1-3 years

#### Estimated lifetime of the initiative

Ongoing

### Comment

Yapı Kredi reduced its Scope 2 emissions by generating 49,295 kWh of renewable electricity with solar photovoltaic power plants set up at the Banking Base and Bodrum Branch.

The solar power plant which was established in the Banking Base Headquarters Buildings will generate 1.2 million kWh annually, will generate its cost with savings within 3 years.

---

### Initiative category & Initiative type

Energy efficiency in buildings

Other, please specify

Replacement of natural gas boilers with more efficient alternatives

### Estimated annual CO2e savings (metric tonnes CO2e)

118

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

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

### Voluntary/Mandatory

Voluntary

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

1,478,083

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

5,531,432

### Payback period

1-3 years

### Estimated lifetime of the initiative

Ongoing

### Comment

Natural gas boilers were replaced with the Plaza D Block facility with new generation energy efficient boilers

---

### Initiative category & Initiative type

Energy efficiency in buildings

Lighting

### Estimated annual CO2e savings (metric tonnes CO2e)

45

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

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

487,809

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

831,000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

Ongoing

**Comment**

Lighting fixtures in the emergency exit halls and car park floor were converted to LED alternatives. LED fixtures utilize less energy while providing the same lighting properties.

---

**Initiative category & Initiative type**

Low-carbon energy consumption

Large hydropower (>25 MW)

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

34,822.4

**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)**

425,031

**Payback period**

No payback

**Estimated lifetime of the initiative**

1-2 years

**Comment**

Renewable electricity procured through I-REC certification from Menzelet and Kilavuzlu Hydroelectric Powerplant. Investment required only includes the costs associated with I-REC certification.

---

**Initiative category & Initiative type**

Low-carbon energy consumption  
Small hydropower (<25 MW)

**Estimated annual CO2e savings (metric tonnes CO2e)**

873.5

**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)**

10,662

**Payback period**

No payback

**Estimated lifetime of the initiative**

1-2 years

**Comment**

Renewable electricity procured through I-REC certification from Azmak Hydroelectric Powerplant. Investment required only includes the costs associated with I-REC certification.

---

**Initiative category & Initiative type**

Low-carbon energy consumption  
Wind

**Estimated annual CO2e savings (metric tonnes CO2e)**

135.35

**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)**

807,737

**Payback period**

No payback

**Estimated lifetime of the initiative**

1-2 years

**Comment**

Renewable electricity procured for Yapı Kredi Nederland. Investment required data includes electricity costs.

### C4.3c

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

| Method  | Comment   |
|---|---|
| Compliance with regulatory requirements/standards | <p>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.</p> <p>ISO 14001 and ISO 14064 management standards are subjected to the internal audit process conducted annually. Additionally, environmental audits conducted by parent company 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.</p> |
| Employee engagement                               | <p>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 to its employees and its subcontractor employees, 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</p>  |

|  |  |
|--|--|
|  | <p>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.</p> <p>In addition to the Bank's efforts on creating awareness and behavioral change, Yapı Kredi organized awareness communications and seminars, as part of the WWF Green Office Program implemented in 2022. The aim of the Green Office Program is to reduce the ecological footprint through applicable resource management and awareness activities in offices. The Green Office Environmental Management Program prepared by WWF Turkey has been included in the environmental management system already implemented in Yapı Kredi General Headquarters buildings. Thus, it is planned to achieve the goals determined by benefiting from the Green Office action plan prepared by WWF Turkey and to be eligible to receive the Green Office Certificate in 2023.</p>  |
| <p>Dedicated budget for other emissions reduction activities</p> | <p>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.</p> <p>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.</p> <p>In the reporting period, the Bank made investments, expenditures and donations amounting to approximately TL 36.6 million to protect the environment.</p> |
| <p>Dedicated budget for energy efficiency</p>                    | <p>Yapı Kredi carries out projects to achieve energy efficiency in its operational activities and to use renewable energy sources while</p>  |

|  |   |
|--|---|
|  | reducing the energy consumption arising from its operations. One of the most important of these projects is the “Rooftop Solar Power Plant (SPP)” project, which was established in the Banking Base Headquarters Buildings and Bodrum branch. Another project was the replacement of natural gas boilers in the Plaza D Block facility with new generation energy efficient boilers and the conversion of LED lighting in the emergency exit halls and car park floors. The energy efficiency projects lead Yapı Kredi to save 2,703 GJ of energy, which is 185 tonnes of CO <sub>2</sub> e. The financial saving from efficiency projects listed above is TRY 2,153,287.14 in 2022. |
|--|---|

## C4.5

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

Yes

## C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.**

---

### Level of aggregation

Product or service

### Taxonomy used to classify product(s) or service(s) as low-carbon

Low-Carbon Investment (LCI) Registry Taxonomy

### Type of product(s) or service(s)

Other

Other, please specify

Renewable Energy Loans

### Description of product(s) or service(s)

In line with its responsible finance approach, Yapı Kredi focuses on sustainable products and services.

It is important for the banking sector to effectively manage the risks caused by climate change and to capitalize on opportunities. Yapı Kredi supports the increase of renewable energy capacity of Turkey to contribute to the transition to a low carbon economy.

Yapı Kredi Project Finance aims to support renewable energy and energy efficiency investments in order to protect the environment and minimize the effects of climate change, contribute to the development of Turkey through long-term business partnerships with customers, and lead the banking sector by increasing its market

share. In 2022, renewable energy consisted 22% of the total project financing portfolio, enabling the avoidance of 2.4 million tonnes of CO<sub>2</sub> eq.

**Have you estimated the avoided emissions of this low-carbon product(s) or service(s)**

Yes

**Methodology used to calculate avoided emissions**

Other, please specify  
GHG Protocol

**Life cycle stage(s) covered for the low-carbon product(s) or services(s)**

Cradle-to-gate

**Functional unit used**

1 kWh

**Reference product/service or baseline scenario used**

Baseline scenario assume the same power generation with coal.

**Life cycle stage(s) covered for the reference product/service or baseline scenario**

Cradle-to-gate

**Estimated avoided emissions (metric tons CO<sub>2</sub>e per functional unit) compared to reference product/service or baseline scenario**

2,400,000

**Explain your calculation of avoided emissions, including any assumptions**

An assumption was made to calculate avoided emissions achieved by providing loans to renewable power plants. Within the assumption, instead of energy generation from coal, renewable power plants provide carbon free energy in Turkey.

**Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year**

22

## 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**

Low-carbon Investment (LCI) Taxonomy

**Description of product**

In line with its responsible finance approach, Yapı Kredi focuses on sustainable products and services.

It is important for the banking sector to effectively manage the risks caused by climate change and to capitalize on opportunities. Yapı Kredi supports the increase of renewable energy capacity of Turkey to contribute to the transition to a low carbon economy.

Yapı Kredi Project Finance aims to support renewable energy and energy efficiency investments in order to protect the environment and minimize the effects of climate change, contribute to the development of Turkey through long-term business partnerships with customers, and lead the banking sector by increasing its market share. In 2022, renewable energy consisted 22% of the total project financing portfolio, enabling the avoidance of 2.4 million tonnes of CO<sub>2</sub> eq.

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

Mitigation

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

13,236,035,560

**% of total portfolio value**

22

**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

**C5.1b**

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

|       | <b>Change(s) in methodology, boundary, and/or reporting year definition?</b> | <b>Details of methodology, boundary, and/or reporting year definition change(s)</b>   |
|-------|--|---|
| Row 1 | Yes, a change in methodology   | Methodology to calculate Scope 3, Category 15: Investments were changed due to data constraints. Reliable data was only present for the Bank's project finance loans. The Bank chose to only include project finance asset class, which has a PCAF rating lower than 3, within the GHG inventory. |

**C5.1c**

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

|       | <b>Base year recalculation</b> | <b>Scope(s) recalculated</b> | <b>Base year emissions recalculation policy, including significance threshold</b>  | <b>Past years' recalculation</b> |
|-------|--------------------------------|------------------------------|--|----------------------------------|
| Row 1 | Yes                            | Scope 3                      | Methodology to calculate Scope 3, Category 15: Investments were changed due to data constraints. Reliable data was only present for the Bank's project finance loans. The Bank chose to only include investments with a Partnership for Carbon Accounting Financials (PCAF) data quality score of 3 or lower. This situation only allows project finance loans to be included within the GHG inventory.<br><br>Previously estimated base year emissions belonging to Category 15, other than project finance were removed from the inventory to make year-on-year comparisons in terms GHG emissions possible. | Yes                              |

**C5.2**

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

## Scope 1

---

### Base year start

January 1, 2021

### Base year end

December 31, 2021

### Base year emissions (metric tons CO<sub>2</sub>e)

15,843.85

### 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 CO<sub>2</sub>) (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 Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest). The Scope 1 emissions for the base year is 15,843.85 tCO<sub>2</sub>e. Scope 1 emissions in 2021 have been verified and certified in accordance with the ISO 14064 Standard.

## Scope 2 (location-based)

---

### Base year start

January 1, 2021

### Base year end

December 31, 2021

### Base year emissions (metric tons CO<sub>2</sub>e)

38,870.08

### 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). Location-based Scope 2 emissions were 38,870.08 ton CO<sub>2</sub> eq.

## Scope 2 (market-based)

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO<sub>2</sub>e)**

23,703.4

**Comment**

In 2021, the Bank achieved emission reductions with I-REC certification. Market-based Scope 2 emissions were 23,703.4 ton CO<sub>2</sub> eq.

**Scope 3 category 1: Purchased goods and services**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO<sub>2</sub>e)**

389

**Comment**

Scope 3 purchased goods and services emission data for 2021 covers paper consumed across the Bank's Head Office and facility buildings, branches, and its subsidiaries.

**Scope 3 category 2: Capital goods**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

There are no emissions associated with Capital Goods within the Bank's GHG inventory.

**Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

### **Base year emissions (metric tons CO2e)**

#### **Comment**

There are no emissions associated with Fuel-and-energy-related activities within the Bank's GHG inventory.

### **Scope 3 category 4: Upstream transportation and distribution**

---

#### **Base year start**

January 1, 2021

#### **Base year end**

December 31, 2021

### **Base year emissions (metric tons CO2e)**

#### **Comment**

There are no emissions associated with Upstream transportation and distribution within the Bank's GHG inventory.

### **Scope 3 category 5: Waste generated in operations**

---

#### **Base year start**

January 1, 2021

#### **Base year end**

December 31, 2021

### **Base year emissions (metric tons CO2e)**

51.87

#### **Comment**

The quantity of waste collected to be sent to the recovery, recycling and landfill is included to 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 to 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 (m<sup>3</sup>) x fullness level of container

(%) x household waste density (tons/m<sup>3</sup>) 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.

### Scope 3 category 6: Business travel

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO<sub>2</sub>e)**

267

**Comment**

Scope 3 business travel emission data for 2021 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). 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.

### Scope 3 category 7: Employee commuting

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO<sub>2</sub>e)**

3,147

**Comment**

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 tCO<sub>2</sub>e. Conversion factor

for employee commuting vehicles in Scope 3 GHG emissions was based on the IPCC 2006 Guidelines for National Greenhouse Gas Inventories.

### **Scope 3 category 8: Upstream leased assets**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

There are no emissions associated with Upstream leased assets within the Bank's GHG inventory.

### **Scope 3 category 9: Downstream transportation and distribution**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

There are no emissions associated with Downstream transportation and distribution within the Bank's GHG inventory.

### **Scope 3 category 10: Processing of sold products**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

There are no emissions associated with Processing of sold products within the Bank's GHG inventory.

### **Scope 3 category 11: Use of sold products**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO2e)**

**Comment**

There are no emissions associated with Use of sold products within the Bank's GHG inventory.

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

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO2e)**

**Comment**

There are no emissions associated with End of life treatment of sold products within the Bank's GHG inventory.

**Scope 3 category 13: Downstream leased assets**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO2e)**

**Comment**

There are no emissions associated with Downstream leased assets within the Bank's GHG inventory.

**Scope 3 category 14: Franchises**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO2e)**

**Comment**

There are no emissions associated with Franchises within the Bank's GHG inventory.

**Scope 3 category 15: Investments**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

**Base year emissions (metric tons CO<sub>2</sub>e)**

7,641,274

**Comment**

The Bank included the project finance loans' outstanding amount in the footprinting process. Reliable data was only present for the Bank's project finance loans. The Bank chose to only include project finance asset class, which has a PCAF rating lower than 3, within the GHG inventory.

**Scope 3: Other (upstream)**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

**Scope 3: Other (downstream)**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**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 CO<sub>2</sub>e?**

**Reporting year**

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

14,554.5

**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 CO<sub>2</sub> (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 14,554.5 tCO<sub>2</sub>e. Scope 1 emissions in 2022 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 CO<sub>2</sub>e?**

**Reporting year**

---

**Scope 2, location-based**

35,861.64

**Scope 2, market-based (if applicable)**

0

**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 2022, as part of the efforts to fight against the global climate crisis, the Bank supplied 100% of the total electricity supply for all its service locations from renewable and calculated its market-based emission data for Scope 2 as 0 tCO<sub>2</sub>e.

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 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)**

1,304.33

**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 2022 covers paper consumed across the Banks head offices and its subsidiaries (Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest). Emissions due to paper use were included.

The paper use during many transactions is eliminated thanks to innovative investments and digital processes offered to both employees and customers at Yapı Kredi. Under the paperless transactions and digitalization efforts started in 2018, 471.5 million sheets of paper were saved in transactions made through all service channels in 2022, thus saving approximately 39,950 trees. In 2022, 177 million sheets of paper were saved in transactions made from branches, and approximately 15,130 trees were saved from being cut down.

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”.

In addition, emissions associated with the manufacturing of credit cards were included.

---

**Capital goods**

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

7,876

**Emissions calculation methodology**

Average data method

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

0

**Please explain**

Emissions associated with capital goods purchases were included. Capital purchases include notebooks, ATM installations and purchased bill counters.

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

---

### Evaluation status

Not relevant, explanation provided

### Please explain

Emissions related to fuel and energy activities are included in Scope 1 and Scope 2.  
There are no additional emissions.

## Upstream transportation and distribution

---

### Evaluation status

Not relevant, explanation provided

### Please explain

Yapı Kredi does not have any emissions associated with upstream transportation and distribution services as the Bank does not sell physical goods that requires upstream transportation.

## Waste generated in operations

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

35,327

### 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 to the emission calculations within the reporting period. The emission data for waste 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 to 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 (m<sup>3</sup>) x fullness level of container (%) x household waste density (tons/m<sup>3</sup>) 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 CO<sub>2</sub>e)

477

### Emissions calculation methodology

Distance-based method

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

100

### Please explain

Data for 2022 covers business travel of the Bank and its subsidiaries (Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest). Emissions associated with air travel were included. 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 CO<sub>2</sub>e)

3,713

### Emissions calculation methodology

Fuel-based method

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

100

### Please explain

Data covers emissions related to fuel consumption for employee commuting at the Bank's selected locations (Head Office and service buildings, regional offices and branch buildings). 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 3,713 tCO<sub>2</sub>e. 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

#### Please explain

There are no upstream leased assets of Yapı Kredi. The emissions under this category are not relevant.

### Downstream transportation and distribution

---

#### Evaluation status

Not relevant, explanation provided

#### Please explain

Yapı Kredi does not have any emissions associated with downstream transportation and distribution services as the Bank does not sell physical goods that requires downstream transportation.

### Processing of sold products

---

#### Evaluation status

Not relevant, explanation provided

#### Please explain

Yapı Kredi does not have any emissions associated processing of sold products as the Bank does not sell physical goods that requires processing.

### Use of sold products

---

#### Evaluation status

Not relevant, explanation provided

#### Please explain

The Bank does not sell any goods that cause emissions during their use. This category is not relevant for the Bank.

### End of life treatment of sold products

---

#### Evaluation status

Not relevant, explanation provided

#### Please explain

The Bank does not sell any physical goods that can cause emissions at the end of their life. This category is not relevant for the Bank.

### Downstream leased assets

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

There is no downstream leased assets of Yapı Kredi. This category is not relevant for the Bank.

**Franchises**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Yapı Kredi does not operate with Franchise model. There are no franchisees of Yapı Kredi. This category is not relevant.

**Investments**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

5,932,139

**Emissions calculation methodology**

Hybrid method

Average data method

Fuel-based method

Distance-based method

Investment-specific method

Other, please specify

Partnership for Carbon Accounting Financials Methodology

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

49

**Please explain**

Emissions associated with project finance were calculated using various methodology including Partnership for Carbon Accounting Financials (PCAF). Only loans with a data quality score lower than 3 according to PCAF methodology were included within the inventory.

**Other (upstream)**

---

**Evaluation status**

**Please explain**

## Other (downstream)

---

### Evaluation status

### Please explain

## 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 CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

---

### Intensity figure

0.0000001332

### Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)

14,554.5

### Metric denominator

unit total revenue

### Metric denominator: Unit total

109,266,118,000

### Scope 2 figure used

Market-based

### % change from previous year

88

### Direction of change

Decreased

### Reason(s) for change

Change in renewable energy consumption  
Other emissions reduction activities  
Change in revenue

### Please explain

As of 2022, the Bank has a renewable electricity utilization rate of 100%. All electricity used by the Bank is sourced from renewable energy resources and are supported with I-REC certification. This changed reduced the Bank's Scope 1 and 2 combined emissions by 63%. Remaining reduction of the intensity metric is due to increase of revenue.

---

**Intensity figure**

0.88

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

14,554.5

**Metric denominator**

full time equivalent (FTE) employee

**Metric denominator: Unit total**

16,516

**Scope 2 figure used**

Market-based

**% change from previous year**

65

**Direction of change**

Decreased

**Reason(s) for change**

Change in renewable energy consumption

Other, please specify

Increased number of employees

**Please explain**

As of 2022, the Bank has a renewable electricity utilization rate of 100%. All electricity used by the Bank is sourced from renewable energy resources and are supported with I-REC certification. This changed reduced the Bank's Scope 1 and 2 combined emissions by 63%. Remaining reduction of the intensity metric is due to increased number of employees.

## 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 CO <sub>2</sub> e) | GWP Reference                                 |
|------------------|--|---|
| CO <sub>2</sub>  | 14,457.75  | IPCC Sixth Assessment Report (AR6 - 100 year) |
| CH <sub>4</sub>  | 14.45  | IPCC Sixth Assessment Report (AR6 - 100 year) |
| N <sub>2</sub> O | 82.3   | IPCC Sixth Assessment Report (AR6 - 100 year) |

## C7.2

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

| Country/area/region | Scope 1 emissions (metric tons CO <sub>2</sub> e) |
|---------------------|---|
| Turkey              | 14,327.88   |
| Netherlands         | 17.65   |
| Azerbaijan          | 208.96  |

## C7.3

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

By business division

By activity

## C7.3a

**(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

| Business division                          | Scope 1 emissions (metric ton CO <sub>2</sub> e) |
|--|--|
| Yapi ve Kredi Bank                         | 13,714.16  |
| Yapi ve Kredi Asset Management             | 62.04  |
| Yapi ve Kredi Factoring                    | 113.41   |
| Yapi ve Kredi Leasing                      | 162.09   |
| Yapi ve Kredi Culture, Arts and Publishing | 126.53   |
| Yapi ve Kredi Technology                   | 21.55  |
| Yapi ve Kredi Invest                       | 128.11   |
| Yapi ve Kredi Nederland                    | 17.65  |

|                          |        |
|--------------------------|--------|
| Yapi ve Kredi Azerbaijan | 208.96 |
|--------------------------|--------|

## C7.3c

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

| Activity   | Scope 1 emissions (metric tons CO2e) |
|--|--------------------------------------|
| Stationary Combustion - Diesel                     | 1,118.99                             |
| Stationary Combustion - Natural Gas                | 5,489.24                             |
| Refrigerant leaks, aerosol use, fire extinguishers | 2,755.07                             |
| Mobile Combustion - Diesel                         | 4,826.81                             |
| Mobile Combustion - Gasoline                       | 364.39                               |

## C7.5

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

| Country/area/region | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|---------------------|--|--|
| Turkey              | 35,054.3                                   | 0  |
| Azerbaijan          | 671.99                                     | 0  |
| Netherlands         | 135.35                                     | 0  |

## C7.6

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

- By business division
- By activity

## C7.6a

**(C7.6a) Break down your total gross global Scope 2 emissions by business division.**

| Business division                          | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|--|--|--|
| Yapi ve Kredi Bank                         | 34,412.2                                   | 0  |
| Yapi ve Kredi Asset Management             | 69.36                                      | 0  |
| Yapi ve Kredi Factoring                    | 40.82                                      | 0  |
| Yapi ve Kredi Leasing                      | 72.6                                       | 0  |
| Yapi ve Kredi Culture, Arts and Publishing | 139.74                                     | 0  |
| Yapi ve Kredi Technology                   | 52.72                                      | 0  |

|                          |        |   |
|--------------------------|--------|---|
| Yapi ve Kredi Invest     | 266.85 | 0 |
| Yapi ve Kredi Nederland  | 135.35 | 0 |
| Yapi ve Kredi Azerbaijan | 671.99 | 0 |

## 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 | 35,861.64                                  | 0  |

## C7.7

**(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?**

No

## C7.9

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

Decreased

## C7.9a

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

|  | Change in emissions (metric tons CO2e) | Direction of change in emissions | Emissions value (percentage) | Please explain calculation  |
|--|--|----------------------------------|------------------------------|---|
| Change in renewable energy consumption | 23,703.4                               | Decreased                        | 59.94                        | <p>The Bank's share of renewable electricity in total electricity use risen from 39% in 2021 to 100% in 2022.</p> <p>In 2021, 35,022 MWh of electricity use of the Bank was certified with I-REC. This amount increased to 89,760 MWh in 2022.</p> <p>In addition, photovoltaic solar power plant installation at the roof of the</p> |

|   |          |           |      |   |
|---|----------|-----------|------|---|
|   |          |           |      | Banking Base and at the Bank's Bodrum branch generated 49,295 kWh of electricity.<br><br>This increase in renewable electricity reduced the Bank's emissions by 23,703.4 ton CO2 eq.  |
| Other emissions reduction activities    | 2,046.64 | Decreased | 5.18 | In 2022, natural gas boilers in the Plaza D Block facility were replaced with new generation energy efficient boilers. This led to reduction of natural gas consumption by 424,719.25 Sm <sup>3</sup> which reduced the Bank's emissions by 823.64 ton CO2 eq.<br><br>In 2022, the Bank's refrigerant leaks were reduced including R407c, R410a and R404a with more frequent maintenance management and installation of new AC units. This led to a reduction of emissions by 1,223 ton CO2 eq. |
| Divestment                              | 0        | No change | 0    |   |
| Acquisitions                            | 0        | No change | 0    |   |
| Mergers                                 | 0        | No change | 0    |   |
| Change in output                        | 757.29   | Increased | 1.91 | Increased building usage by increased number of employees led to an increase of emission by 757.29 ton CO2 eq. in 2022.   |
| Change in methodology                   | 0        | No change | 0    |   |
| Change in boundary                      | 0        | No change | 0    |   |
| Change in physical operating conditions | 0        | No change | 0    |   |
| Unidentified                            | 0        | No change | 0    |   |
| Other                                   | 0        | No change | 0    |   |

## C7.9b

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

Market-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          | No  |
| Consumption of purchased or acquired steam         | No  |
| Consumption of purchased or acquired cooling       | No  |
| Generation of electricity, heat, steam, or cooling | Yes   |

### 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         | 47,084.06 | 47,084.06  |
| Consumption of purchased or acquired electricity        |                            | 82,799.57 | 0         | 82,799.57  |
| Consumption of self-generated non-fuel renewable energy |                            | 49.3      |           | 49.3       |
| Total energy consumption                                |                            | 82,848.87 | 47,084.06 | 129,932.93 |

## 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

HHV

#### Total fuel MWh consumed by the organization

0

#### MWh fuel consumed for self-generation of electricity

0

#### MWh fuel consumed for self-generation of heat

0

**Comment**

There is no sustainable biomass consumption.

**Other biomass**

---

**Heating value**

HHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**Comment**

There is no sustainable other consumption.

**Other renewable fuels (e.g. renewable hydrogen)**

---

**Heating value**

HHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**Comment**

There is no sustainable other renewable fuels consumption.

**Coal**

---

**Heating value**

HHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**Comment**

There is no coal consumption.

**Oil**

---

**Heating value**

HHV

**Total fuel MWh consumed by the organization**

21,325.14

**MWh fuel consumed for self-generation of electricity**

4,122.6

**MWh fuel consumed for self-generation of heat**

17,202.54

**Comment**

Oil use includes diesel use for generators and vehicles and gasoline use for vehicles.

**Gas**

---

**Heating value**

HHV

**Total fuel MWh consumed by the organization**

25,758.92

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

25,758.92

**Comment**

Gas use includes natural gas use for heating purposes.

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

---

**Heating value**

HHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**Comment**

There is no other non-renewable fuels.

### Total fuel

#### Heating value

HHV

#### Total fuel MWh consumed by the organization

47,084.06

#### MWh fuel consumed for self-generation of electricity

4,122.6

#### MWh fuel consumed for self-generation of heat

42,961.46

#### Comment

Total fuel use of the Bank is included. Fuel is used for vehicles, heating and electricity generator.

## C8.2d

**(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

|             | Total Gross generation (MWh) | Generation that is consumed by the organization (MWh) | Gross generation from renewable sources (MWh) | Generation from renewable sources that is consumed by the organization (MWh) |
|-------------|------------------------------|---|---|--|
| Electricity | 49.3                         | 49.3  | 49.3  | 49.3   |
| Heat        | 0                            | 0   | 0   | 0  |
| Steam       | 0                            | 0   | 0   | 0  |
| Cooling     | 0                            | 0   | 0   | 0  |

## C8.2e

**(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.**

#### Country/area of low-carbon energy consumption

Netherlands

#### Sourcing method

Physical power purchase agreement (physical PPA) with a grid-connected generator

#### Energy carrier

Electricity

**Low-carbon technology type**

Wind

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

383.85

**Tracking instrument used**

Contract

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

Netherlands

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

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

**Comment**

The Bank's Netherlands subsidy utilizes 100% renewable wind electricity.

---

**Country/area of low-carbon energy consumption**

Turkey

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

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

61,898

**Tracking instrument used**

I-REC

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

Turkey

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

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

1992

**Comment**

Renewable electricity procured through I-REC certification from Menzelet Hydroelectric Powerplant.

---

**Country/area of low-carbon energy consumption**

Turkey

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

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

491

**Tracking instrument used**

I-REC

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

Turkey

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

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

2009

**Comment**

Renewable electricity procured through I-REC certification from Azmak Hydroelectric Powerplant.

---

**Country/area of low-carbon energy consumption**

Azerbaijan

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

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

1,527

**Tracking instrument used**

I-REC

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

Turkey

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

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

2009

**Comment**

Renewable electricity procured through I-REC certification from Azmak Hydroelectric Powerplant.

---

**Country/area of low-carbon energy consumption**

Turkey

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

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

18,550

**Tracking instrument used**

I-REC

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

Turkey

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

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

2012

**Comment**

Renewable electricity procured through I-REC certification from Kilavuzlu Hydroelectric Powerplant.

## C8.2g

**(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.**

---

**Country/area**

Turkey

**Consumption of purchased electricity (MWh)**

80,888.83

**Consumption of self-generated electricity (MWh)**

49.29

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

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

80,938.12

---

**Country/area**

Netherlands

**Consumption of purchased electricity (MWh)**

383.85

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

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

383.85

---

**Country/area**

Azerbaijan

**Consumption of purchased electricity (MWh)**

1,526.9

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

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

1,526.9

## C9. Additional metrics

### C9.1

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

## C10. Verification

### C10.1

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

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

### C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 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**

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**Page/ section reference**

Pages 648-651 Limited Assurance by PwC

**Relevant standard**

ISAE3000

**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 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**

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**Page/ section reference**

Pages 648-651 Limited Assurance by PwC

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

---

**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**

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**Page/ section reference**

Pages 648-651 Limited Assurance by 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

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### Page/section reference

Pages 648-651 Limited Assurance by PwC

### Relevant standard

ISAE3000

### Proportion of reported emissions verified (%)

100

## 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 |
|---|---------------|-----------------------|----------------|
|---|---------------|-----------------------|----------------|

|            |                    |          |   |
|------------|--------------------|----------|---|
| C8. Energy | Energy consumption | ISAE3000 | <p>Please see Pages 648-651 Limited Assurance by PwC</p> <p>Data verified are presented below:</p> <p>Energy Consumption by Fuel Type (GJ)</p> <ul style="list-style-type: none"> <li>• Electricity (GJ)</li> <li>• Grid Electricity (GJ)</li> <li>• Renewable Electricity (Produced)</li> <li>• Renewable Electricity (Purchased)</li> <li>• Natural Gas (GJ)</li> <li>• Fuel Oil (GJ)</li> <li>• Energy Intensity (GJ/total number of employees) Energy Savings</li> <li>• Total Annual Energy Saving (GJ)</li> <li>• Total Annual Greenhouse Gas Saving Achieved via Energy Saving (tCO<sub>2</sub>e)</li> <li>• Total Greenhouse Gas Emissions Prevented by Financed Renewable Energy Projects in the Reporting Year (tCO<sub>2</sub>e)</li> </ul> <p> 1</p> |
|------------|--------------------|----------|---|

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## 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, but we anticipate being regulated in the next three years

### C11.1d

**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

In the next three years, we anticipate being regulated under the upcoming national Emissions Trading System (ETS) in Turkey. Following the ratification of the Paris Agreement in 2021, Turkey has set a goal to achieve net-zero emissions by 2053. The Agreement emphasizes the use of economic instruments like carbon markets and pricing to reduce greenhouse gas emissions. Turkey has been collaborating with the Partnership of Market Readiness (PMR) Turkey Project and the World Bank since 2013 to implement emission trading programs. In 2019, the second stage of the PMR Project began, involving pilot workshops and implementations with participating companies to explore different ETS designs. On February 17, 2021, the Minister of Environment, Urbanisation, and Climate Change announced the

forthcoming implementation of a national ETS in Turkey, which is expected to closely resemble the EU-ETS.

The national ETS will serve as the foundation for carbon pricing in Turkey and will be designed using data from the Monitoring, Reporting, and Verification (MRV) system. The establishment of a national carbon pricing mechanism is a significant objective of the Turkey Green Deal Action Plan, as outlined in the Carbon Pricing Department's Stakeholder Engagement Strategy Plan. The Climate Council has recommended the creation of a national ETS, which is scheduled to enter its pilot phase by 2024. The specific parameters for the ETS will be defined in the national Climate Law, providing the basic design and implementation options for the system. While further operational details will be specified in subsequent by-laws and circulars, we expect to be subject to regulation under the upcoming national ETS by 2024.

Yapı Kredi has set ambitious goals to significantly reduce its direct carbon emissions in line with the Paris Agreement's objective of limiting global temperature increase to 1.5 degrees Celsius. By 2030, it aims to lower its Scope 1 and Scope 2 absolute carbon emissions in direct operations by 42% compared to 2021 levels, reaching 50.4% reduction by 2032. To achieve net-zero emissions for Scope 1, Yapı Kredi plans energy efficiency studies and transitioning to hybrid vehicles, offsetting residual emissions with carbon credits. For Scope 2 emissions, the bank will adopt energy-efficient lighting, optimize building operations, and source 100% renewable energy to achieve zero emissions.

## C11.2

**(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?**

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.**

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### **Type of internal carbon price**

Shadow price

### **How the price is determined**

Alignment with the price of allowances under an Emissions Trading Scheme  
Price/cost of voluntary carbon offset credits

### **Objective(s) for implementing this internal carbon price**

Change internal behavior

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

**Scope(s) covered**

Scope 1  
Scope 2

**Pricing approach used – spatial variance**

Uniform

**Pricing approach used – temporal variance**

Static

**Indicate how you expect the price to change over time**

**Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)**

598.05

**Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)**

598.05

**Business decision-making processes this internal carbon price is applied to**

Operations  
Procurement  
Product and R&D  
Risk management  
Opportunity management  
Value chain engagement

**Mandatory enforcement of this internal carbon price within these business decision-making processes**

Yes, for some decision-making processes, please specify  
Used for internal assessment of financial performance GHG reduction initiatives.

**Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan**

Yapı Kredi prioritized renewable electricity procurement and energy efficiency initiatives. 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

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

100

##### Rationale for the coverage of your engagement

Yapı Kredi monitors the environmental impact of all its suppliers, which make up its supply chain, as part of its Sustainability Management System (SMS). Yapı Kredi is committed to act responsibly and promotes its principle of creating sustainable value across the entire supply chain in its procurement processes. Throughout the procurement processes, Yapı Kredi signs contracts with all of its suppliers, in which there are both instructions and requirements for efficient use of natural resources without waste and, prevention of emissions during all activities carried out at all locations, without causing environmental pollution (air-water-soil). These prerequisites are listed in the contracts which also refer to Yapı Kredi's Responsible Procurement Policy. They also ensure that contractors' actions are aligned with the standards and procedures that Yapı Kredi aligns with. Yapı Kredi does not work with suppliers that cannot be able to align with its procedures. The suppliers that comply with the requirements have the privilege of being one of the Bank's suppliers. 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.

### **Impact of engagement, including measures of success**

The measure of success for supplier engagements is compliance with the requirements and prerequisites listed in supplier contracts for all Tier 1 suppliers and threshold for success is 100% compliance. The contracts are renewed annually and the suppliers that have been working with the Bank are required to continue to comply with the requirements. The success of the Bank's suppliers' climate change performance are measured internally based on the suppliers' 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 addition to the requirements, the suppliers should also decrease either its resource use in operations or in GHG emissions from operations, after the first year.

Yapı Kredi's climate related impact of engagement is to incentivize all its suppliers to comply the Bank's environmental criteria as well as good climate conscious practices. With the Supplier contract and the Responsible Procurement Policy, 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.

In 2022, there were no suppliers who failed to comply with the Bank's Responsible Procurement Policy and hence no contracts were terminated. Thus the engagement is deemed as a success.

### **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.

## **C12.1b**

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

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### **Type of engagement & Details of engagement**

Education/information sharing

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

### **% 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**

Step Program, also known as the Yapı Kredi Sustainable Choice Program, is an initiative aimed at fostering a circular sustainability culture. Integrated into the Yapı Kredi Mobile app, it encourages Yapı Kredi customers to make more sustainable choices in their daily activities. By joining Step, customers earn Step Points by opting for sustainable options like using public transportation with city cards, choosing e-receipts instead of paper receipts for ATM transactions, and utilizing electric vehicle loans. These points can be converted into donations to non-governmental organizations, creating a sustainable ecosystem while inspiring a broader audience through the "Sürdürülebilir Tercihler" Instagram page.

The rationale for selecting all Yapı Kredi customers for this engagement strategy lies in the potential for significant impact and the opportunity to foster a culture of sustainability on a large scale. By involving the entire customer base, the program seeks to maximize its impact on sustainability culture and behavior change. By engaging with all customers, Yapı Kredi recognized the tremendous potential to drive widespread and meaningful change in sustainable behavior. Engaging the entire customer base allowed the bank to maximize the impact of the Step program and create a significant culture shift toward sustainability. By integrating Step into the Yapı Kredi Mobile app, the program can seamlessly become a part of the customers' daily lives, encouraging them to make sustainable choices in their everyday activities. The program has been effectively implemented, ensuring that every single Yapı Kredi customer is now aware of and has access to the Step initiative.

As a prominent financial institution, Yapı Kredi possesses a vast customer base, making it a powerful influencer in promoting sustainable practices. Also, engaging all customers allows the bank to leverage existing relationships and familiarity with the Yapı Kredi Mobile app, facilitating a smooth and seamless implementation of Step. This inclusivity demonstrates the bank's commitment to sustainability and fosters a stronger sense of social responsibility, enhancing customer loyalty and trust.

### **Impact of engagement, including measures of success**

The measure of success for this engagement involved successfully designing, delivering, and promoting the program to the Bank's customers. The Bank's threshold for success for this measure was 100%, meaning the aim was to enable Step program for all customers, which the Bank achieved in 2022. The primary goal is to ensure that every single Yapı Kredi customer is made aware of the Step initiative and actively participates in adopting sustainable choices. The program has been effectively implemented, ensuring that every single Yapı Kredi customer is now aware of and has access to the Step initiative.

The initial impact of Step can be observed through the increasing number of customers

who have become aware of the program and sustainable choices. By integrating Step into the Yapı Kredi Mobile app, the platform provides a seamless and convenient way for customers to participate and transform their choices with sustainable ones which in return enable resource savings.

Customers can convert the earned points into donations to non-governmental organizations through the Step platform in Yapı Kredi Mobile. This showcases the positive additional impact of customer engagement on the environment and society, as their actions translate into tangible contributions to meaningful initiatives.

Additionally, the "Sürdürülebilir Tercihler" Instagram page has been playing a crucial role in reaching a broader audience beyond Yapı Kredi's customer base. Regular sharing of easily adaptable information on sustainable practices has inspired individuals outside the bank's existing clientele to make more conscious and eco-friendly choices in their daily lives, contributing to a wider culture of sustainability.

Overall, the impact of the climate-related customer engagement strategy through Step demonstrates the early success in raising awareness, fostering sustainable behavior, and driving positive change both within the Yapı Kredi customer community and among the general public.

## C-FS12.1b

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

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### **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

Engage with clients and potential clients, particularly those with the most GHG-intensive and GHG-emitting activities, on their decarbonization strategies and net-zero transition pathways

Encourage better climate-related disclosure practices

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

100

### **Portfolio coverage (total or outstanding)**

100

### **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**

Yapı Kredi believes that creating awareness is crucial in promoting sustainable practices and addressing environmental and social risks. Therefore, the Bank has chosen to engage with all corporate clients regarding their environmental and social performance including climate risk. Action plans are provided to clients of projects that are under high or moderate risk group.

Through initiatives such as the Environmental and Social Risk Assessment (ESRA) System, Yapı Kredi actively manages and minimizes environmental and social risks associated with its financing activities. Through the evaluation process, customers are made aware of environmental and social risks associated with their loan requests or projects. By assessing various criteria and considering national legislation and international standards, the ESRA system pushes customers to consider the impact of their actions and make more informed choices. This approach fosters a greater sense of responsibility and consciousness among customers, ultimately leading to more sustainable practices and behavior. The ESRA System covers a wide range of criteria, including sensitive areas, cultural heritage, stakeholder engagement, and environmental management systems, among others. It also includes assessments for thermal power plant projects requesting loan restructuring. By implementing the ESRA System, Yapı Kredi demonstrates its commitment to responsible financing and the reduction of environmental risks.

In conclusion, Yapı Kredi's rationale for selecting all customers and the scope of engagement is rooted in the belief that creating awareness and driving behavioral changes should be all-encompassing.

Measure of success:

Under ESRA, 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. The Bank utilizes completion of action plans as measure of success. Any completion of environmental action plans set by the Bank is seen as a measure of success.

Impact of engagement:

During 2022, 26 investments were assessed within the scope of the ESRA System; these investments were allocated a total credit line of USD 341.2 million as of December 2022. Action plans were provided to 3 companies to improve their environmental and social performance.

## **C12.1d**

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

Yapı Kredi attaches great importance to multi-stakeholder communication and cooperation. Thus, the Bank actively takes part in numerous sectoral initiatives and non-governmental organizations (NGOs) associated with climate change and the environment. Moreover, to make a contribution to the works of those initiatives and establish rewarding relationships with important sector players and regulators, the Bank continues to become a member, signatory or supporter of 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 in these works to provide a regulative angle. 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 the 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 on 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 2022, 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 2022. 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 that 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.

## 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.**

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### **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**

Suspend and engage

## 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

**External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

Yes, we engage directly with policy makers

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may 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 2022

 yk22\_annual-report.pdf

**Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan**

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 (SMS), 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, the Bank has also initiated efforts to integrate climate risks into credit risk assessment processes.

## 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?**

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

The European Green Deal, Carbon Border Adjustment Mechanism

**Category of policy, law, or regulation that may impact the climate**

Climate change adaptation

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

International agreement related to climate change adaptation

**Policy, law, or regulation geographic coverage**

Regional

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

EU28

Europe

**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**

**Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

**Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?**

Yapı Kredi supports renewable energy and energy efficiency projects, and also engage more actively with its customers on issues such as environmental and social impact management, new regulations including the European Green Deal.

2022 was a year of significant developments regarding the Carbon Border Adjustment Mechanism (CBAM), implemented under the European Green Deal related to the EU's goal of being 'carbon-neutral' by 2050. CBAM is designed to impose a "carbon emission tax" at certain rates at the border, based on the carbon content of some products imported by the EU.

This regulation incentivizes the Bank's clients to invest in technologies and applications that reduce their and by extension the Bank's carbon footprint. Since portfolio emissions are included in the Bank's climate targets, the regulation is central to the achievement of the Bank's climate transition plan.

## C12.3b

**(C12.3b) Provide details of the trade associations your organization is a member of, or 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 policy consistent with theirs?

Consistent

### Has your organization attempted to influence their position in the reporting year?

Yes, and they have changed their position

### Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

As a member of the Banks Association of Turkey (BAT), the Bank actively participates in all the activities of the association and is represented on the Board of Directors of the BAT. In addition, the Bank is a member of the "Role of the Financial Sector in Sustainable Growth Working Group", which is one of the continuous working groups of the BAT, and actively participates in all the studies carried out under this group.

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

6,455,922

### Describe the aim of your organization's funding

Our funding is to support BAT's activities.

**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 or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.**

---

**Type of organization or individual**

Non-Governmental Organization (NGO) or charitable organization

**State the organization or individual to which you provided funding**

Turkish Industry and Business Association (TUSİAD)

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

202,500

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

TUSİAD is a voluntary based civil society organization established by Turkish industrialists and business persons in 1971 in order to represent the business world. TUSİAD 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 the Turkish Industry and Business Association (TÜSİAD) Environment and Climate Change Working Group, and participates in the Climate Change and Paris Agreement, and Sustainable Finance Sub-Working Groups of the relevant working group. Moreover, the Bank is an active member of the Gender Equality and Energy Working Groups. Through TÜSİAD working groups, Yapı Kredi enters into collaborations with various public institutions, non-governmental organizations and international organizations. Yapı Kredi contributes to TÜSİAD opinion papers according to the agenda of the working groups, and supports reports and research related to its fields of activity.

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

Yes, we have evaluated, and it is aligned

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**Type of organization or individual**

Non-Governmental Organization (NGO) or charitable organization

**State the organization or individual to which you provided funding**

Global Compact Network Turkey

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

7,500

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

Being a signatory of the UN Global Compact, the world's largest corporate sustainability initiative, Yapı Kredi follows up Sustainable Finance, Inclusion and Diversity, Gender Equality and Environment Working Groups within Global Compact Turkey. In 2017, within the scope of the activities of the Global Compact Turkey Sustainable Finance Working Group, the Bank became the founding signatory of the Global Compact Turkey's Declaration of Sustainable Finance in cooperation with the sector. The Bank contributes to updating the declaration in the light of sustainable finance developments.

**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).**

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**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

 yk22\_annual-report.pdf

**Page/Section reference**

Governance: 70-75

Strategy: 76-89

Risks & opportunities: 113-115

Emission figures: 612-613

Emission targets: 132-133

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets

**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.

**C12.5**

**(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.**

|       | <b>Environmental collaborative framework, initiative and/or commitment</b>   | <b>Describe your organization’s role within each framework, initiative and/or commitment</b>  |
|-------|--|---|
| Row 1 | Business Ambition for 1.5C<br>CDP Signatory<br>Science-Based Targets Initiative for Financial Institutions (SBTi-FI)<br>Task Force on Climate-related Financial Disclosures (TCFD)<br>UN Global Compact<br>UNEP FI<br>UNEP FI Principles for Responsible Banking | <p>Science-Based Targets Initiative for Financial Institutions (SBTi-FI) and Business Ambition for 1.5°C: 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.</p> <p>TCFD: The Bank, which has been a TCFD supporter since 2021, carries out studies in line with TCFD recommendations, evaluating financial risks and opportunities related to climate change, integrating physical and transition risks arising from climate change into risk management processes and reporting them in a transparent manner. In this context, the Bank launched a project in 2022 to incorporate climate risks in all risk processes starting from the credit evaluation stage. Under the project titled “Integration of Climate Change Risks and Opportunities into Credit Processes”, training and workshop series continue to build the knowledge capacity established within the Bank on this subject. With the completion of the said trainings, it is planned to accelerate the efforts to integrate climate risks and opportunities into credit evaluation mechanisms</p> |

|  |  |   |
|--|--|---|
|  |  | <p>within the Bank. In addition, the “Establishment of a Sustainable Financing Infrastructure” project was launched in 2022 in order to comply with the EU Taxonomy and to establish a sustainability-related classification, monitoring and reporting system for loans and to systematically track emission information. These projects are expected to generate important inputs for the Bank’s net-zero transformation strategy.</p> <p>Global Compact: Being a signatory of the UN Global Compact, the world’s largest corporate sustainability initiative, Yapı Kredi follows up Sustainable Finance, Inclusion and Diversity, Gender Equality and Environment Working Groups within Global Compact Turkey. In 2017, within the scope of the activities of the Global Compact Turkey Sustainable Finance Working Group, the Bank became the founding signatory of the Global Compact Turkey’s Declaration of Sustainable Finance in cooperation with the sector. The Bank contributes to updating the declaration in the light of sustainable finance developments.</p> <p>UNEP-FI and UNPRB: Since 2017, Yapı Kredi has been a member of the United Nations Environment Programme Finance Initiative (UNEP-FI), and is a founding signatory of the United Nations Principles for Responsible Banking (UN-PRB) established under the UNEP-FI. Actively participating in UN PRB’s working groups, the Bank cooperates and shares experience in the field of sustainability with other banks at the international level. Moreover, the Bank became a founding signatory to the new initiative of the United Nations Principles for Responsible Banking in the field of “Financial Health and Inclusion” in 2021. In 2022, under this working group, together with other national and international banks, Yapı Kredi took an active role in the creation of target and indicator sets to increase financial health and inclusion in the society. In the light of these indicators, the Bank carries out target setting activities to increase the financial literacy of disadvantaged groups and increase their access to financial products. Yapı Kredi regularly and transparently reports developments in this area every year.</p> |
|--|--|---|

## 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

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**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)**

98,813,220,572

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

30,601,985,000

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

14.9

**Details of calculation**

Calculated the total outstanding amount of carbon-related sectors including energy, transportation, materials and buildings, agriculture, food and forest products.

### 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)**

12,395,545,515

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

0

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

1.97

**Details of calculation**

Value of coal related assets were summed using NACE codes of companies pointing out to their sectors.

### 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)**

7,650,598,251

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

0

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

1.22

**Details of calculation**

Value of oil and gas related assets were summed using NACE codes of companies pointing out to their sectors.

## 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   |
|----------------|--|---------------------|
| Banking (Bank) | Yes  | Portfolio emissions |

## 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**

5,932,139

**Portfolio coverage**

19.7

**Percentage calculated using data obtained from clients/investees**

100

**Emissions calculation methodology**

The Global GHG Accounting and Reporting Standard for the Financial Industry

**Please explain the details and assumptions used in your calculation**

Calculated using PCAF methodology.

## C-FS14.2

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

|       | Portfolio breakdown |
|-------|---------------------|
| Row 1 | Yes, by asset class |

## 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<br>Project finance | Absolute portfolio emissions (tCO <sub>2</sub> e) | 5,932,139                                 |

## 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 | Briefly explain the actions you have taken to align your portfolio with a 1.5-degree world  |
|----------------|---|---|
| Banking (Bank) | Yes   | <p>The Bank initiated science-based GHG emission reduction targets for its project finance portfolio in 2022. The Bank's portfolio targets are:</p> <ul style="list-style-type: none"> <li>Reducing GHG emissions from electricity generation project finance portfolio by 70.1% until 2030 and by 81.6% until 2035</li> <li>Reducing GHG emissions from real estate project finance portfolio by 62.6% until 2030 and by 78.7% until 2035</li> <li>Reaching science-based Net Zero emissions by 2050 across Yapı Kredi's own operations and lending activities.</li> </ul> <p>The Bank aims to increase the share of renewable energy projects and the share of low carbon assets within its portfolio to reduce its portfolio emissions. In addition, in 2021, Yapı Kredi declared that the Bank will not finance greenfield coal-fired thermal power plants and new projects engaged in coal mining.</p> |

## 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 |
|----------------|---|
| Banking (Bank) | Yes, for all  |

## 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                          | <p>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 &amp; 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.</p> <p>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</p> | <p>Risks and opportunities to our own operations</p> <p>Risks and opportunities to our bank lending activities</p> <p>The impact of our own operations on biodiversity</p> <p>The impact of our bank lending activities on biodiversity</p> |

|  |  |   |  |
|--|--|---|--|
|  |  | scope of the ESRA system, sector-specific questions have been asked about flora and fauna, protected areas, migration routes etc. |  |
|--|--|---|--|

## 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<br>Commitment to avoidance of negative impacts on threatened and protected species<br>Commitment to no trade of CITES listed species<br>Other, please specify<br>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<br>CITES         |

## C15.3

**(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?**

### Impacts on biodiversity

**Indicate whether your organization undertakes this type of assessment**

Yes

**Value chain stage(s) covered**

Portfolio activity

**Portfolio activity**

Bank lending portfolio (Bank)

**Tools and methods to assess impacts and/or dependencies on biodiversity**

Other, please specify

The Impact Assessment Tool includes "Country Needs Scores" published by UNEP- FI

**Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)**

The Impact Assessment Tool includes “Country Needs Scores” published by UNEP-FI. With this scoring, Turkey’s environmental, social and economic accessibility and quality in specific impact areas (Water, Food, Housing, Health and Sanitation, Education, Employment, Energy, Mobility, Communication (& Information), Culture and Heritage, Personal Integrity and Security, Justice, Strong Institutions, Peace and Stability; Quality (based on physical and chemical properties) and efficient use of Water, Air, Soil, Biodiversity and Ecosystem, Resource Efficiency and Security, Climate, Waste; Inclusive and Healthy Economy, Economic Convergence and economic value creation for society) needs have been quantified by UNEP-FI and this analysis has been directly used by the Bank when taking into account Turkey’s sustainable development needs. In line with the data entered into the Impact Analysis Tool for Retail, SME and Corporate Banking and Turkey’s sustainable development needs, three potential impact areas of the Bank were identified.

**Dependencies on biodiversity**

**Indicate whether your organization undertakes this type of assessment**

No, but we plan to within the next two years

**C15.4**

**(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?**

No

**C15.5**

**(C15.5) 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<br>Land/water management<br>Education & awareness<br>Law & policy |

**C15.6**

**(C15.6) 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<br>Response indicators |
|-------|------------------------|---|

## C15.7

**(C15.7) 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   |
|---------------------------------|---|---|
| In mainstream financial reports | Content of biodiversity-related policies or commitments | Yapı Kredi's exclusion list including those concerning biodiversity are available on the Environmental and Social Policy, also mentioned on the integrated annual report.<br>📎 1, 2 |

📎 1yk22\_annual-report.pdf

📎 2yk\_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 |     |
|--|-----|
| Forests                                  | Yes |
| Water                                    | Yes |

## 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) or committee(s) | Responsibilities for forests- and/or water-related issues   |
|------------------|---|---|
| Forests<br>Water | Board-level committee                     | <p>Yapı Kredi Sustainability Committee was established to create Yapı Kredi's sustainability strategy and policies in economic, social and environmental areas, integrate this strategy and these policies into Bank operations, and monitor its sustainability performance.</p> <p>Climate, forests and water-related risks &amp; opportunities linked to operations as well as project finance and setting up strategies/defining targets with regard to the 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.</p> <p>VP of Corporate Communications, directly reports to the CEO, and is responsible for conducting the overall sustainability practices. Under VP 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 the Sustainability Team coordinates the agenda of working groups. Climate-related topics also constitute an important agenda item of these working groups.</p> <p>The main headings of the work that have been planned by the Sustainability Committee in 2022 were the review of the Bank's calculation of emissions due to lending, determination of the transition path for the priority sectors, taking into account current emissions and the Bank's strategic plans, and calculation of financial impacts, and finally, identification of transformation actions and financing opportunities for specific sectors.</p> <p>In 2021, the Sustainability Committee decided to extended support to</p> |

|  |  |  |
|--|--|--|
|  |  | 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. |
|--|--|--|

## 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 the risk management process  
Reviewing and guiding annual budgets  
Overseeing major capital expenditures  
Overseeing and guiding employee incentives  
Overseeing the setting of corporate targets  
Monitoring progress towards corporate targets  
Monitoring the implementation of a transition plan  
Overseeing and guiding scenario analysis

### 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

Climate and forests-related topics such as management of 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 committee reviews the results of climate and forests related risk and opportunity assessment for the Bank's own operations and banking activities, along with the climate-related impact assessment results of their own operations and investments

The following risks and opportunities are assessed and monitored by the Committee on a regular basis:

- Risks and opportunities related to operation (physical & legal risks)
- Risks and opportunities related to financing activities (physical risk or opportunities of the investments/projects which might impact the environment & society, transition risk or

opportunity 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
- Climate-related scenario analysis
- Risk management policies
- Sustainability expenditures
- Sustainability-related employee incentives
- Targets and objectives related to the sustainability performance of the Bank

In 2022, 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.

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### **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 the risk management process  
Reviewing and guiding annual budgets  
Overseeing major capital expenditures  
Overseeing and guiding employee incentives  
Overseeing the setting of corporate targets  
Monitoring progress towards corporate targets  
Monitoring the implementation of a transition plan  
Overseeing and guiding scenario analysis

### **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 2022, 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 report all water related activities of Yapı Kredi.

## 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.

## Water

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### **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.

## **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.**

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### **Position or committee**

Chief Executive Officer (CEO)

### **Issue area(s)**

Forests

Water

### Forests- and/or water-related responsibilities of this position

- Managing annual budgets for forests and/or water security mitigation activities
- Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
- Providing forests- and/or water-related employee incentives
- Implementing plans for transition to a deforestation free and/or water secure world
- Integrating forests- and/or water-related issues into the strategy
- Conducting forests- and/or water-related scenario analysis
- Setting forests- and/or water-related corporate targets
- Monitoring progress against forests- and/or water-related corporate targets
- Managing forests- and/or water-related risks and opportunities

### Coverage of responsibilities

Risks and opportunities related to our banking portfolio

### Reporting line

Reports to the Board directly

### Frequency of reporting to the board on forests- and/or water-related issues via this reporting line

Quarterly

### Please explain

The CEO oversees and closely follows the progress in Yapı Kredi's sustainability targets. The CEO is also the chairman of the Executive Committee, which is the decision-making body of the Group, established to collectively decide upon priority topics, facilitate information sharing among senior management and support strong team spirit. The Committee holds regular bi-weekly meetings or according to the needs of the bank (at least once a month). All decisions are taken unanimously by the members. The Committee's responsibilities include assessing credit, operational, market and liquidity risks which is related to climate change. In 2022, the Executive Committee convened 48 times with the required majority and quorum satisfied.

## 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 |
|----------------------------|---|
| Banking – Forests exposure | Yes   |
| Banking – Water exposure   | Yes   |

## FW-FS2.1a

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

## Banking – Forests exposure

---

### 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

### % of clients/investees (by number) exposed to substantive risk

0

### % of clients/investees (by portfolio exposure) exposed to substantive risk

0

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

Yapı Kredi considers climate-related risk management as one of its top priorities and evaluates climate-related risks including forest-related risks under operational risk, reputational risk, credit risk, and environmental risk areas. The Bank has more than a hundred risk experts in its risk management unit, which functions under the Audit Committee. The unit is responsible for measuring, monitoring, reporting, and controlling potential risks that Yapı Kredi may be exposed to, based on international and national regulatory frameworks and methods.

Yapı Kredi also takes into account environmental, social and climate risks in addition to other risk factors under the reputational risk management. The Reputational risk management general principles cover sectors bearing environmental and social risks, sectoral norms, international standards, best practices, mining, coal mining, coal-fired thermal power plants, nuclear energy industry, hydroelectric power plants, dam industry and water infrastructure, agricultural industry, strategies for reducing carbon footprint and supporting renewable energy, and fundamental approaches to climate-related risks. Risks in these areas are defined, monitored and reported to senior management by means of risk / performance indicators.

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 into physical and transitional risks, which it determines by assessing its substantive financial and strategic impact. It has embraced a forward-looking capital planning approach to sustain its operations and monitors the number of inundation incidents, costs of physical damage, operational GHG emissions, GHG emission intensity, and energy consumption within the scope of climate risks.

The Bank incorporates its strategic approach to reducing emissions from its loan portfolio in its Reputational Risk Policy and Loan Policies which are approved by the Board of Directors. Yapı Kredi manages climate-related risks arising from lending activities under the ESRA (Environmental and Social Risk Assessment) system, applied by the Bank to corporate and commercial loan requests. ESRA uses the L-Type Matrix method. The L-Type Matrix method grades environmental risks by calculating weight ratios with a 5\*5 scoring system.

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 ESRA system. With this system, the risk category is determined for projects, upon which corresponding action and monitoring plans were created.

To effectively monitor the environmental and social issues related to investments in Risk Category A or B, Yapı Kredi determines appropriate actions and monitoring activities based on the project and customer classifications. 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 takes into account the short, medium, and long-term effects of the project/investment, as these effects can differ depending on the various stages, such as the construction or operation phases. The risks are monitored until the maturity of the loan. Yapı Kredi initiates the risk assessment process at the start of projects/investments, but continues to conduct regular site visits to monitor the progress and to ensure compliance with the action and management plans. The frequency of these visits is determined by the specific nature of the project and 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 2022, 26 investments were assessed within the scope of the ESRA System; these investments were allocated a total credit line of USD 341.2 million as at December 2022. Additionally, system automations required for monitoring the ESRA System on the bid screens were completed and implemented within the same year. As a result of the system build and development works, the process documents used throughout the bank were updated and made available to the relevant staff. After the automation process, the

portfolio managers in the branches and all related teams received trainings on the purpose, scope, implementation and user guide of the ESRA System in order to renew the in-house ESRA trainings and raise corporate awareness.

## Banking – Water exposure

---

### 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

WRI Aqueduct

UNEP FI Portfolio Impact Analysis Tool for Banks

### % of clients/investees (by number) exposed to substantive risk

0

### % of clients/investees (by portfolio exposure) exposed to substantive risk

0

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

Yapı Kredi considers climate-related risk management as one of its top priorities and evaluates climate-related risks including water-related risks under operational risk, reputational risk, credit risk, and environmental risk areas. The Bank has more than a hundred risk experts in its risk management unit, which functions under the Audit Committee. The unit is responsible for measuring, monitoring, reporting, and controlling potential risks that Yapı Kredi may be exposed to, based on international and national regulatory frameworks and methods.

Yapı Kredi also takes into account environmental, social and climate risks in addition to other risk factors under the reputational risk management. The Reputational risk management general principles cover sectors bearing environmental and social risks, sectoral norms, international standards, best practices, mining, coal mining, coal-fired thermal power plants, nuclear energy industry, hydroelectric power plants, dam industry and water infrastructure, agricultural industry, strategies for reducing carbon footprint and supporting renewable energy, and fundamental approaches to climate-related risks. Risks in these areas are defined, monitored and reported to senior management by

means of risk / performance indicators.

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 into physical and transitional risks, which it determines by assessing its substantive financial and strategic impact. It has embraced a forward-looking capital planning approach to sustain its operations and monitors the number of inundation incidents, costs of physical damage, operational GHG emissions, GHG emission intensity, and energy consumption within the scope of climate risks.

The Bank incorporates its strategic approach to reducing emissions from its loan portfolio in its Reputational Risk Policy and Loan Policies which are approved by the Board of Directors. Yapı Kredi manages climate-related risks arising from lending activities under the ESRA (Environmental and Social Risk Assessment) system, applied by the Bank to corporate and commercial loan requests. ESRA uses the L-Type Matrix method. The L-Type Matrix method grades environmental risks by calculating weight ratios with a 5\*5 scoring system.

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 ESRA system. With this system, the risk category is determined for projects, upon which corresponding action and monitoring plans were created.

To effectively monitor the environmental and social issues related to investments in Risk Category A or B, Yapı Kredi determines appropriate actions and monitoring activities based on the project and customer classifications. 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 takes into account the short, medium, and long-term effects of the project/investment, as these effects can differ depending on the various stages, such as the construction or operation phases. The risks are monitored until the maturity of the loan. Yapı Kredi initiates the risk assessment process at the start of projects/investments, but continues to conduct regular site visits to monitor the progress and to ensure compliance with the action and management plans. The frequency of these visits is determined by the specific nature of the project and 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 2022, 26 investments were assessed within the scope of the ESRA System; these investments were allocated a total credit line of USD 341.2 million as at December

2022. Additionally, system automations required for monitoring the ESRA System on the bid screens were completed and implemented within the same year. As a result of the system build and development works, the process documents used throughout the bank were updated and made available to the relevant staff. After the automation process, the portfolio managers in the branches and all related teams received trainings on the purpose, scope, implementation and user guide of the ESRA System in order to renew the in-house ESRA trainings and raise corporate awareness.

## 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 |
|---------------------------------------|---|
| Banking – Forests-related information | Yes   |
| Banking – Water-related information   | Yes   |

## 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.**

|                                       | Type of information considered  | Process through which information is obtained  | Industry sector(s) covered by due diligence and/or risk assessment process  | State how these forests- and/or water-related information influences your decision making   |
|---------------------------------------|---|--|---|---|
| Banking – Forests-related information | <p>Scope and content of forests policy</p> <p>Commitment to eliminate deforestation/conversion of other natural ecosystems</p> <p>Proportion of forest risk commodity volumes in compliance with no deforestation/conversion</p> <p>Other, please specify</p> <p>Internal question sets are used based on national regulations and IFC Standards.</p> | <p>Directly from the client/investee</p> <p>From an intermediary or business partner</p> <p>Data provider</p> <p>Public data sources</p> | <p>Energy</p> <p>Materials</p> <p>Capital Goods</p> <p>Commercial &amp; Professional Services</p> <p>Transportation</p> <p>Utilities</p> <p>Real Estate</p> | <p>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</p> |

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  | <p>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,</p> |
|--|--|--|--|--|

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|--|--|--|--|
|  |  |  | <p>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. As an example: In 2022, 26 investments were evaluated under the ESRA System, and a total of USD 341.2 million credit limit was allocated to these investments as of December 2022. Investments evaluated within the scope of ESRA in 2022 are as follows: Infrastructure: USD 60.5 million, Mining: USD 94.6 million, Manufacturing: USD 282.5 million, Solar Power Plant: USD 10.0 million, Wind Power Plant: USD 106.9 million.</p> |
|--|--|--|--|

|  |   |   |   |   |
|--|---|---|---|---|
| <p>Banking –<br/>Water-related information</p> | <p>Scope and content of water policy<br/>Breaches to local water regulations<br/>Other, please specify<br/>Internal question sets are used based on national regulations and IFC Standards.</p> | <p>Directly from the client/investee<br/>From an intermediary or business partner<br/>Data provider<br/>Public data sources</p> | <p>Energy<br/>Materials<br/>Capital Goods<br/>Commercial &amp; Professional Services<br/>Transportation<br/>Utilities<br/>Real Estate</p> | <p>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</p> |
|--|---|---|---|---|

|  |  |  |  |
|--|--|--|--|
|  |  |  | <p>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. As an example: In 2022, 26 investments were evaluated under the ESRA System, and a total of USD</p> |
|--|--|--|--|

|  |  |  |  |   |
|--|--|--|--|---|
|  |  |  |  | <p>341.2 million credit limit was allocated to these investments as of December 2022.</p> <p>Investments evaluated within the scope of ESRA in 2022 are as follows:<br/>Infrastructure: USD 60.5 million, Mining: USD 94.6 million, Manufacturing: USD 282.5 million, Solar Power Plant: USD 10.0 million, Wind Power Plant: USD 106.9 million.</p> |
|--|--|--|--|---|

### 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 | <p>Yapı Kredi defines substantive financial or strategic impact as;</p> <p>1) Financially;<br/>Possibility of financial loss more than TRY 150 million is “very high” risk level.<br/>Possibility of financial loss between TRY 25-150 million is “high” risk level.<br/>Possibility of financial loss between TRY 250,000-25 million is “moderate” risk level.<br/>Possibility of financial loss up to TRY 250,000 is “low” risk level.<br/>All in all, forests-related risk definitions with a possibility of financial loss of more than TRY 250,000 is considered substantive.</p> <p>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,</p> |

|       |     |  |  |
|-------|-----|--|--|
|       |     |  | <p>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,</p> <p>4) Legally; disruptive consequences such as suspension of operations, licenses revocation or senior management condemnation driven by the breach of laws and legislation.</p> <p>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.</p> <p>In 2022, the Bank did not identify any substantive forests-related risks within its portfolio.</p> |
| Water | Yes |  |  |

## FW-FS2.3a

**(FW-FS2.3a) Provide details of forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business.**

### Identifier

Risk1

### Portfolio where risk driver occurs

Banking (Bank) portfolio

### Issue area risk relates to

Water

### Risk type & Primary risk driver

Chronic physical

Water stress

### Primary potential financial impact

Reduced profitability of investment portfolios

### Risk type mapped to traditional financial services industry risk classification

Credit risk

### Company-specific description

Turkey is among the countries experiencing high and extremely high water stress. According to the IPCC, the Mediterranean Basin, in which Turkey is located, is considered one of the most water-sensitive regions. Moreover, the data from the Meteorological Service of the country proves that the amount of precipitation continues to decline every year. As a result of this, drought has emerged as a growing concern considering its adverse impacts on basin water levels. The Sixth Assessment Report of IPCC also underlines the drought risk and claims hydrological droughts in the Mediterranean Basin will intensify. Such water-related risks may pose credit risk to the Bank considering its lending exposure to hydroelectric power plants. That's why, water-related outcomes caused by water stress such as floods and drought are taken into account while analyzing the water-related risks both in direct and indirect activities of the Bank.

Water stress can reduce the profitability of the Bank's hydropower investment portfolio due to reduced revenues the power plants may encounter.

### Time horizon

Short-term

### Likelihood

Likely

### Magnitude of impact

High

### Are you able to provide a potential financial impact figure?

Yes, an estimated range

### Potential financial impact figure (currency)

### Potential financial impact figure - minimum (currency)

0

### Potential financial impact figure - maximum (currency)

1,896,180,000

### Explanation of financial impact figure

With the water-related risks on hydropower energy in an environment under water stress like Turkey, the financial impact is calculated as between 0 and the total eligible portfolio allocated to hydropower plants located in Turkey (USD 101.4 million), which is calculated as:

USD 101,400,000.00 (total hydropower portfolio in Turkey) x 18.7 TRY/USD (exchange rate) = TRY 1,896,180,000.00

Even though some regions have low water stress between basins located in Turkey, some basins have high and extremely high water stress levels. This situation makes

lending activities of hydropower plants in Turkey high risk, especially located in water-stressed basins.

### Cost of response to risk

0

### Description of response and explanation of cost calculation

Yapı Kredi prioritizes environmental and social risk management, including water-related risks, through its ESRA system. The Bank follows TCFD recommendations to ensure compliance. In 2021, Yapı Kredi conducted its first climate risk assessment on the entire loan portfolio, revealing the basis for future strategy and targets related to climate risk and water risk management. In 2022, the Bank started a project on integrating climate risks into credit risk assessment processes and models, by enhancing the technical knowledge of its teams. Yapı Kredi aims to integrate climate risks into all lending steps, including credit risk rating, enabling scenario analysis and stress tests for long-term planning. By considering water-related risks, the Bank can effectively analyze changes in revenue, expenditures, and assets, improving financial planning. Water-related risks in operations are identified and incorporated into financial analysis and planning. Under the ESRA system, investments are assessed based on environmental and OHS legislation, international standards, and stakeholder engagement.

The ESRA system is operated by the Bank's specialist employees. As risk management for lending activities is one of Yapı Kredi's primary actions throughout its operations, there is no additional cost associated to manage this risk. Due to this, the cost of response is given as zero.

### Comment

No additional comment.

## 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   | Opportunities 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;<br>1) Financially;<br>Possibility of financial loss more than TRY 150 million is " very high" risk level. |

|       |     |  |   |
|-------|-----|--|---|
|       |     |  | <p>Possibility of financial loss between TRY 25-150 million is “high” risk level.<br/>                 Possibility of financial loss between TRY 250,000-25 million is “moderate” risk level.<br/>                 Possibility of financial loss up to TRY 250,000 is “low” risk level.<br/>                 All in all, forests-related risk definitions with a possibility of financial loss of more than TRY 250,000 is considered substantive.</p> <p>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,<br/>                 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,<br/>                 4) Legally; disruptive consequences such as suspension of operations, licenses revocation or senior management condemnation driven by the breach of laws and legislation.</p> <p>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.</p> <p>In 2022, the Bank did not identify any substantive forests-related opportunities within its portfolio.</p> |
| Water | Yes |  |   |

### FW-FS2.4a

**(FW-FS2.4a) Provide details of forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business.**

Identifier

Opp1

**Portfolio where opportunity occurs**

Banking (Bank) portfolio

**Issue area opportunity relates to**

Water

**Opportunity type & Primary opportunity driver**

Markets

Increased demand for funds that invest in companies that have positive environmental credentials

**Primary potential financial impact**

Increased access to capital

**Company- specific description**

In 2022, Yapı Kredi completed syndicated loan transactions in line with its goal of ensuring sustainability and creating long-term sustainable value for all its stakeholders. The sustainability criteria determined within the scope of these loans include targets for increasing the Bank's electricity supply from renewable energy sources and improving the Environmental, Social, and Governance (ESG) Risk Management rating. Yapı Kredi successfully completed its first syndicated loan based on sustainability criteria in May 2022. The syndicated loan, with a maturity of 367 days, consists of two tranches, in USD and EUR. With a total loan amounting to USD 349.5 million and EUR 431.5 million, the Bank aims to meet the resource needs of customers regarding foreign trade financing.

Yapı Kredi rolled over its second syndication loan in November 2022, with a maturity of 367 days, in two tranches, in US dollars and Euros, amounting to a total of 210 million US dollars and 249 million Euros, in line with the sustainability criteria selected by the Bank. Secured to support foreign trade financing, the loan was extended in two different currencies with the participation of 23 banks from 14 countries.

KPI targets for the loans:

The loan signed in May includes targets for increasing electricity supply from renewable energy sources, maintaining improved ESG risk management ratings and decreasing the Bank's Scope 1 and 2 greenhouse gas emissions. For the loan signed in November, sustainability-linked goals for generating renewable energy with solar panels to be installed on the Banking Base building and reducing the paper consumption used in the approval processes in line with the Bank's digitalization strategy.

Opportunity:

There is an opportunity in the form of reduced interest rate associated with the sustainability linked syndicated loans received by the bank. By meeting the KPI targets each syndicated loan, interest rate decreases from the base margin to a discounted rate. With this reduced interest rate, the Bank can reduce its direct costs.

**Time horizon**

Short-term

**Likelihood**

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)**

5,558,624.71

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact figure**

In May and November 2022, the Bank secured syndicated loans based on the Environmental, Social and Corporate Governance (ESG) performance criteria which included targets for increasing the Bank's electricity supply from renewable energy sources. The total funding amount in the two transactions is approximately USD 1.3 billion and will be used for foreign trade financing.

By meeting the KPI targets each syndicated loan, interest rate decreases from the base margin to a discounted rate. With this reduced interest rate, the Bank can reduce its direct costs.

The loan signed in May includes targets for increasing electricity supply from renewable energy sources, maintaining improved ESG risk management ratings and decreasing the Bank's Scope 1 and 2 greenhouse gas emissions. For the loan signed in November, sustainability-linked goals for generating renewable energy with solar panels to be installed on the Banking Base building and reducing the paper consumption used in the approval processes in line with the Bank's digitalization strategy

Potential financial impact calculation:

May Syndicated Loan: USD 349.5 million and EUR 431.5 million

November Syndicated Loan: USD 210 million and EUR 249 million

Used formula: Discount Amount = Amount x (Number of Discounted Days / Tenor) x (Discount rate)

May Loan - Saving from margin adjustment (saving from reduced interest rate):

$USD\ 349.5\ \text{million} + (EUR\ 431.5\ \text{million} \times 1.0714\ (\text{EURUSD}\ \text{exchange}\ \text{rate})) \times (239\ \text{days} / 367\ \text{days}\ (\text{year})) \times (0.03\ (\text{discount}\ \text{rate})) = USD\ 174,095.68$

November Loan - Saving from margin adjustment (saving from reduced interest rate):  
 $USD\ 210\ \text{million} + (EUR\ 249\ \text{million} \times 1.0714\ (\text{EURUSD}\ \text{exchange}\ \text{rate})) \times (316\ \text{days} / 367\ \text{days}\ (\text{year})) \times (0.03\ (\text{discount}\ \text{rate})) = USD\ 123,156.98$

Total savings to be achieved by accomplishing sustainability criteria until maturity =  
 $USD\ 174,095.68 + USD\ 123,156.98 = USD\ 297,252.66 \times 18.7\ TRY/USD\ (\text{exchange}\ \text{rate}) = TRY\ 5,558,624.71$

### **Cost to realize opportunity**

755,967.45

### **Strategy to realize opportunity and explanation of cost calculation**

Yapı Kredi integrates sustainability into its entire business model and value chain. The Bank shows great sensitivity in the fight against the climate crisis, one of the most important items on the Bank's global agenda, and commits to increasing its support for the transition to a low-carbon economy with its products and services. To maintain its climate performance the Bank maintains a sustainability governance structure under the Sustainability Committee which employs the Bank's sustainability strategy under strategic priorities which are: Climate Crisis and Environment, Sustainable Finance, Risk Management and Corporate Governance and finally, Human and Society.

The syndicated loans obtained by Yapı Kredi serve as a testament to the international trust placed in the Bank and reflect the confidence in its commitment to sustainability. Being a bank that maintains its fundamentals at a strong level while contributing to the fight against climate change enabled it to receive these funds, Yapı Kredi successfully completed its first syndicated loan of the year based on sustainability criteria in May 2022 and its second syndicated loan of the year based on sustainability criteria in November 2022.

Cost to realize opportunity calculation:

To accomplish KPIs set by the syndicated loans and to realize this opportunity in the form of reduced interest rates, the Bank issued an ESG rating assessment and underwent an assurance service for its corporate carbon footprint calculations.

The ESG rating assessment's cost was EUR 27,500 and the fee for the assurance service for corporate carbon footprint was TRY 205,000.

Total cost to realize opportunity =  $(EUR\ 27,500 \times 20,04\ (TRY / EUR)) + TRY\ 205,000 = TRY\ 755,967.45$

### **Comment**

## 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

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#### **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.

Yapı Kredi prioritizes environmental and social risk management, including forest-related risks, through its ESRA system. By considering forest-related risks, the bank can effectively analyze changes in revenue, expenditures, and assets, improving financial planning. Yapı Kredi's public Environmental and Social Policy and the Exclusion List included within it contains the Bank's forest-related commitments to not provide funding to projects that undertakes trade of wildlife or wildlife-related products subject to the CITES and activities banned by the host country's legislation or international treaties with respect to protection of biodiversity and cultural heritage.

Yapı Kredi's strategy encompasses a long-term time horizon, taking into account forest-related risks. By integrating forest-related risks into credit risk assessments in 2022, the bank enables long-term planning that incorporates scenario analysis and stress tests. This approach helps enhance financial planning and evaluate potential changes in revenue, expenses, and assets associated with forest-related risks. By considering the impacts of deforestation, forest degradation, and sustainable forestry practices, Yapı Kredi aims to mitigate risks and capitalize on opportunities for sustainable growth and development. Under the ESRA system, investments are assessed based on environmental and OHS legislation, international standards, and stakeholder engagement. In 2022, 26 investments were evaluated with a total credit limit allocation of USD 341.2 million. The bank's strategic decision to prioritize environmental and social risk management, including forests-related risks, through the ESRA system demonstrates its commitment to responsible financing and aligning with national legislation and international standards.

#### **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.

In 2022, 26 investments were evaluated with a total credit limit allocation of USD 341.2 million. The bank's strategic decision to prioritize environmental and social risk management, including forests-related risks, through the ESRA system demonstrates its commitment to responsible financing and aligning with national legislation and international standards.

## **Water**

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### **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.

Yapı Kredi prioritizes environmental and social risk management, including water-related risks, through its ESRA system. By considering water-related risks, the bank can effectively analyze changes in revenue, expenditures, and assets, improving financial planning. Water-related risks in operations are identified and incorporated into financial analysis and planning.

Yapı Kredi's strategy covers a long-term time horizon. By integrating climate risks into credit risk assessments in 2022, the bank enables long-term planning through scenario analysis and stress tests, including water-related risks, to enhance financial planning and evaluate changes in revenue, expenses, and assets.

Under the ESRA system, investments are assessed based on environmental and OHS legislation, international standards, and stakeholder engagement. In 2022, 26 investments were evaluated with a total credit limit allocation of USD 341.2 million. The bank's strategic decision to prioritize environmental and social risk management,

including forests-related risks, through the ESRA system demonstrates its commitment to responsible financing and aligning with national legislation and international standards.

### **Financial planning elements that have been influenced**

Revenues  
Capital allocation  
Access to capital  
Assets

### **Description of influence on financial planning**

Yapı Kredi prioritizes environmental and social risk management, including water-related risks, through its ESRA system. By considering water-related risks, the bank Bank can effectively analyze changes in revenue, expenditures, and assets, improving financial planning. Water-related risks in operations are identified and incorporated into financial analysis and planning. Under the ESRA system, investments are assessed based on environmental and OHS legislation, international standards, and stakeholder engagement. In 2022, 26 investments were evaluated, with a total credit limit allocation of USD 341.2 million. The total value of projects assessed under the ESRA system in 2022 was USD 554.5 million.

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-FS3.2**

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

### **Forests**

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#### **Scenario analysis conducted to identify outcomes for this issue area**

Yes, we have conducted scenario analysis, but we have not identified any outcomes for this issue area

#### **Type of scenario analysis used**

Climate-related

### **Water**

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#### **Scenario analysis conducted to identify outcomes for this issue area**

Yes, we have conducted scenario analysis and we have identified outcomes for this issue area

#### **Type of scenario analysis used**

Climate-related

Water-related

### **Parameters, assumptions, analytical choices**

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 achieving "net-zero carbon emissions" by 2053 and in 2023, the country updated its NDCs and published its intention to peak its emissions at the latest in the year 2038 and pledged a 41% reduction in emissions by 2030. In addition to the country's NDC, Yapı Kredi relies on the IPCC Sixth Assessment Report and the IPCC Special Report on Global Warming of 1.5°C and considers 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. In fact, the Bank declared that it will not finance any greenfield coal-fired thermal power plants and new projects engaged in coal mining.

Additionally, Yapı Kredi demonstrates its proactive approach to climate change by conducting a climate change risk assessment on its loan portfolio. The assessment, based on the Turkish State Meteorological Services (MGM) Base and High Case Scenario, analyzes two primary dimensions: physical and transitional risk. A combination of qualitative and quantitative tools is employed in the methodology. The calculation of transitional risks considers factors such as reputation, technology, policy & legal, and market risks.

To assess water-related risks within its operations, Yapı Kredi utilizes the Aqueduct tool developed by WRI. Through the analysis of Aqueduct Tool, the bank monitors potential changes in water stress, seasonal variations, water supply, and water demand in Turkey. This proactive approach enables the bank to identify and address water-related risks effectively.

### **Description of outcomes for this issue area**

The usable water potential per capita indicates that Turkey is among the countries experiencing water stress. According to the IPCC, the Mediterranean Basin, on which Turkey is located, is considered as one of the most water sensitive regions. Moreover, the data from the Meteorological Service of the country proves that the amount of precipitation continues to decline every year. As a result of this, drought has been emerged as a growing concern considering its adverse impacts on agricultural lands and thus livestock. Sixth Assessment Report of IPPC also underline the drought risk and claims agricultural and hydrological droughts in the Mediterranean Basin will intensify. Such water-related risks may pose credit risk to the Bank considering its lending exposure hydroelectric power plants and agricultural sector. Moreover, extreme weather events and flood may cause the disruption of the activities of the Bank under those scenarios. That's why, water related outcomes caused by climate change such as

floods, drought and inadequate access to clean water are taken into account while analysing the water related risks both in direct and indirect activities of the Bank.

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

Description of operational or strategic response to the water related outcomes: The implementation of emission reduction initiatives can have a direct or indirect impact on water consumption. Reducing water usage not only enhances efficiency but also results in decreased operational costs. This serves as an additional incentive for Yapı Kredi to incorporate water-related considerations into its strategic plans. Moreover, when evaluating loan allocations through the ESRA System, Yapı Kredi will give heightened consideration to water risk trends, particularly in projects involving hydropower.

The anticipated timescale for the company's response: Yapı Kredi's corporate strategy incorporates effective water management to enhance its ability to address water-related risks such as droughts and floods. Within this framework, Yapı Kredi aims to achieve a 56% reduction in the water intensity of municipal water across all its locations by 2030.

**FW-FS3.3**

**(FW-FS3.3) Has your organization set targets for deforestation free and/or water secure lending, investing and/or insuring?**

|                | Targets set |
|----------------|-------------|
| Forests        | Yes         |
| Water Security | Yes         |

**FW-FS3.3a**

**(FW-FS3.3a) Provide details of your targets for deforestation free and/or water secure lending, investing and/or insuring.**

**Portfolio**

Banking (Bank)

**Issue area(s) the target covers**

Forests

**Targets set**

Other, please specify

Target for proportion of clients being compliant with forest-related requirements

**Sectors covered by the target**

All sectors

**Target metric**

% of your clients/investees

**Target value (as %)**

100

**Target value**

**Target year**

2030

**% of target achieved**

100

**Provide details of the target**

The target is to ensure that all new projects approved by the Bank for lending are compliant with the forest-related requirements. 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.

Currently, all projects approved by the Bank for loans are Environmental and Social Policy compliant, which includes the Bank's forest-related requirements.

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**Portfolio**

Banking (Bank)

**Issue area(s) the target covers**

Water Security

**Targets set**

Other, please specify

Target for proportion of clients being compliant with forest-related requirements

**Sectors covered by the target**

All sectors

**Target metric**

% of your clients/investees

**Target value (as %)**

100

**Target value**

**Target year**

2030

### % of target achieved

100

### Provide details of the target

The target is to ensure that all new projects approved by the Bank for lending are compliant with the water-related requirements. 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.

Currently, all projects approved by the Bank for loans are Environmental and Social Policy compliant, which includes the Bank's water-related requirements.

## FW-FS3.4

**(FW-FS3.4) 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 |
|---------|--|
| Forests | Yes  |
| Water   | Yes  |

## FW-FS3.4a

**(FW-FS3.4a) 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

### Product enables clients to mitigate

Deforestation  
Water insecurity

### 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.

**Type of activity financed, invested in or insured**

Sustainable agriculture  
Water resources and ecosystem protection

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

733,000,000

**% of total portfolio value**

0.23

## FW-FS3.5

**(FW-FS3.5) 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 |
|---------|---|
| Forests | Yes                                       |
| Water   | Yes                                       |

## FW-FS3.5a

**(FW-FS3.5a) 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**

 yk\_environmental\_and\_social\_policy.pdf

### **Requirements for clients/investees**

- Commit to no deforestation/conversion of other natural ecosystems
- Commit to no land clearance by burning or clearcutting
- Commit to recognition of legal and customary land tenure rights
- Secure Free, Prior and Informed Consent (FPIC) of indigenous peoples and local communities
- Adopt the UN International Labour Organization principles
- Comply with all applicable local, national and international laws and regulations
- 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

### **Commodities with critical impact on water security covered by the policy**

### **Forest risk commodity supply chain stage covered by the policy**

- Production
- Processing
- Trading
- Manufacturing
- Retailing

### **Exceptions to policy based on**

### **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. The Exclusion List includes the following exclusion definitions:

1. Manufacture or trade of internationally forbidden pesticides, insect repellants or ozone-depleting substances
2. Trade of wildlife or wildlife-related products subject to the CITES (Convention on International Trade in Endangered Species)

3. Cross-border trade of waste and waste products that are non-compliant with the Basel Convention and its regulations
4. Activities conducted on the wetlands as defined by the RAMSAR Convention on Wetlands
5. Activities banned by the host country's legislation or international treaties with respect to protection of biodiversity and cultural heritage
6. Drift net fishing in open sea, using drift nets longer than 2.5 km
7. Companies that produce weapons of mass destruction and land mines
8. New coal mining projects and new coal fired thermal power plant projects.

## FW-FS3.6

**(FW-FS3.6) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?**

|         | <b>Covenants included in financing agreements to reflect and enforce policies for this issue area</b> | <b>Explain how the covenants included in financing agreements relate to your policies for this issue area</b>   |
|---------|---|---|
| Forests | Yes   | <p>Yapı Kredi's sustainable finance activities play a vital role in its overall sustainability strategy. As part of these efforts, the bank offers sustainable development-focused financial solutions through sustainability-linked loans. During the loan allocation process, Yapı Kredi collaborates with customers to determine specific Key Performance Indicators (KPIs) that align with the LMA Sustainability-Linked Loan Principles. These KPIs are then incorporated into the loan agreement as provisions for margin and price advantages, and they are monitored within a specified timeframe.</p> <p>In order to ensure the effectiveness of lending practices, Yapı Kredi requires clients to provide and demonstrate the necessary information. These covenants form an essential part of the financing agreements, reflecting and enforcing the bank's climate and forest-related strategy. With regard to forest issues, customers are expected to make diligent efforts to minimize deforestation.</p> <p>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.</p> |

|       |     |   |
|-------|-----|---|
|       |     | By incorporating sustainability-linked loans and imposing covenants related to forest conservation, Yapı Kredi reinforces its commitment to sustainable finance and contributes to the preservation of forests and the environment.   |
| Water | Yes | <p>Yapı Kredi's sustainable finance activities play a vital role in its overall sustainability strategy. As part of these efforts, the bank offers sustainable development-focused financial solutions through sustainability-linked loans. During the loan allocation process, Yapı Kredi collaborates with customers to determine specific Key Performance Indicators (KPIs) that align with the LMA Sustainability-Linked Loan Principles. These KPIs are then incorporated into the loan agreement as provisions for margin and price advantages, and they are monitored within a specified timeframe.</p> <p>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.</p> <p>In order to ensure the effectiveness of lending practices, Yapı Kredi requires clients to provide and demonstrate the necessary information. These covenants form an essential part of the financing agreements, reflecting and enforcing the bank's climate and water-related strategy.</p> |

## 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 |
|-------------------|---|
| Clients – Forests | Yes   |
| Clients – Water   | Yes   |

## 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

Forests

## Type of engagement

Engagement & incentivization (changing client behavior)

## Details of engagement

Encourage better forests-related disclosure practices

Encourage clients to engage with suppliers to improve their capacity to comply with the company's forests-related policies

Other, please specify

Engage with clients on measuring exposure to forest-related risk

## Portfolio coverage of engagement

100

## Rationale for the coverage of your engagement

Engagement targeted at clients with increased forest-related risks

## Impact of engagement, including measures of success

Through their Environmental and Social Risk Assessment (ESRA) system, Yapı Kredi evaluates the exposure of their clients' projects to climate-related risks including forest-related and water-related risks. This assessment is conducted for all new investment and project financing loans and project finance advisory services with an investment amount greater than or equal to USD 10 million. The ESRA system, launched in 2017, follows national legislation and the International Finance Corporation's (IFC) Environmental and Social Performance Standards.

Yapı Kredi's commitment to measuring exposure to forests-related and water-related risks through the ESRA System has yielded significant results. In 2021, a total of 22 investments were evaluated under the ESRA System, reflecting the bank's proactive approach to assessing and addressing environmental and social risks, including forests-related risks. Building upon this success, in 2022, the number of investments evaluated increased to 26, indicating the continued effectiveness of Yapı Kredi's engagement strategy.

By using this engagement strategy, Yapı Kredi actively promotes the adoption of more sustainable and resource-efficient methods for accessing their services, encouraging customers to switch to environmentally friendly alternatives.

In 2022, to enhance the effectiveness of the ESRA system, Yapı Kredi regularly monitors its implementation through internal audits and provides trainings to the teams responsible for its execution, particularly portfolio managers. This ensures that all staff involved in the assessment process are well-informed and equipped to address climate-related risks including forest- and water-related risks.

### **Type of clients**

Clients of Banks

### **Issue area this engagement relates to**

Water

### **Type of engagement**

Engagement & incentivization (changing client behavior)

### **Details of engagement**

Encourage better water-related disclosure practices

Encourage clients to engage with suppliers to improve their capacity to comply with the company's water-related policies

Other, please specify

Engage with clients on measuring exposure to water-related risk

### **Portfolio coverage of engagement**

100

### **Rationale for the coverage of your engagement**

Engagement targeted at clients with increased water-related risks

### **Impact of engagement, including measures of success**

Through their Environmental and Social Risk Assessment (ESRA) system, Yapı Kredi evaluates the exposure of their clients' projects to climate-related risks including forest-related and water-related risks. This assessment is conducted for all new investment and project financing loans and project finance advisory services with an investment amount greater than or equal to USD 10 million. The ESRA system, launched in 2017, follows national legislation and the International Finance Corporation's (IFC) Environmental and Social Performance Standards.

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## 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          |
|-------|---|---------------------------------|
| Row 1 | Yes   | Soy<br>Sugar<br>Cattle products |

## 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.**

### Soy

#### Financial service provided

Banking

#### Smallholder financing/insurance approach

Financial incentives for sustainable practices

#### Other smallholder engagement approaches

Organizing capacity building events

Disseminating technical materials

#### Number of smallholders supported

50

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

Yapı Kredi offers a diverse range of financial products to support agricultural customers throughout Turkey. One of the Bank's key offerings is the Productive Card, which allows producers to purchase agricultural inputs on an interest-free basis from participating merchants. This card provides flexible payment options, including payments at harvest time, and empowers farmers to buy essential inputs even with limited financial resources. By granting access to credit, the Productive Card enables smallholders to improve their agricultural practices, adopt sustainable techniques, and boost productivity, thereby reducing the need for expanding agricultural land into forests and mitigating deforestation pressures.

The bank's Agricultural Value Chain (TDZ) business model streamlines payments for approximately 20,000 producers affiliated with nearly 50 companies. With the Productive

Card, farmers can buy seeds, fertilizers, chemicals, and diesel fuel without incurring interest charges. Additionally, the bank offers special campaigns that allows smallholders to earn rewards and save on expenses.

Furthermore, the Bank recognizes the significant role of women in the agricultural sector, with 47% of the workforce being female. To support women farmers, the bank has organized Women's Farmer Training Programs in four provinces, focusing on financial literacy, sustainability in agricultural production, and resource management, resulting in increased employment opportunities for women.

To enhance efficiency for farmers, the Productive Card system eliminates the need for them to visit bank branches, as they can conveniently perform mobile approvals directly from their fields. Moreover, the bank offers specialized credits such as Organic Farming Credit, Agricultural Machinery Credit, and Zero KM Tractor Credit, which help farmers save labor and energy.

Under the "Planting Seeds for Sustainability" project, the Bank engages with women farmers in four regions, providing them with training on agricultural literacy and cost-effective methods in agriculture. These initiatives aim to empower women and promote sustainable practices in the agricultural sector.

Overall, Yapı Kredi's Agricultural Banking plays a vital role in assisting producers with their crop and animal production needs. The Productive Card and the Agricultural Value Chain model contribute significantly to the well-being of farmers and the sustainable development of the agricultural sector in Turkey.

## Sugar

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### **Financial service provided**

Banking

### **Smallholder financing/insurance approach**

Financial incentives for sustainable practices

### **Other smallholder engagement approaches**

Organizing capacity building events

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

### **Number of smallholders supported**

50

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

Yapı Kredi offers a diverse range of financial products to support agricultural customers throughout Turkey. One of the Bank's key offerings is the Productive Card, which allows producers to purchase agricultural inputs on an interest-free basis from participating merchants. This card provides flexible payment options, including payments at harvest

time, and empowers farmers to buy essential inputs even with limited financial resources. By granting access to credit, the Productive Card enables smallholders to improve their agricultural practices, adopt sustainable techniques, and boost productivity, thereby reducing the need for expanding agricultural land into forests and mitigating deforestation pressures.

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Under the "Planting Seeds for Sustainability" project, the Bank engages with women farmers in four regions, providing them with training on agricultural literacy and cost-effective methods in agriculture. These initiatives aim to empower women and promote sustainable practices in the agricultural sector.

Overall, Yapı Kredi's Agricultural Banking plays a vital role in assisting producers with their crop and animal production needs. The Productive Card and the Agricultural Value Chain model contribute significantly to the well-being of farmers and the sustainable development of the agricultural sector in Turkey.

## **Cattle products**

---

### **Financial service provided**

Banking

### **Smallholder financing/insurance approach**

Financial incentives for sustainable practices

### **Other smallholder engagement approaches**

Organizing capacity building events

### **Number of smallholders supported**

50

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

Yapı Kredi offers a diverse range of financial products to support agricultural customers throughout Turkey. One of the Bank's key offerings is the Productive Card, which allows producers to purchase agricultural inputs on an interest-free basis from participating merchants. This card provides flexible payment options, including payments at harvest time, and empowers farmers to buy essential inputs even with limited financial resources. By granting access to credit, the Productive Card enables smallholders to improve their agricultural practices, adopt sustainable techniques, and boost productivity, thereby reducing the need for expanding agricultural land into forests and mitigating deforestation pressures.

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Overall, Yapı Kredi's Agricultural Banking plays a vital role in assisting producers with their crop and animal production needs. The Productive Card and the Agricultural Value Chain model contribute significantly to the well-being of farmers and the sustainable development of the agricultural sector in Turkey.

## **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?**

| External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area |  |
|---|--|
| Forests   | <p>Yes, we engage directly with policy makers</p> <p>Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact this issue area</p> <p>Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact this issue area</p> |
| Water   | <p>Yes, we engage directly with policy makers</p> <p>Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact this issue area</p> <p>Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact this issue area</p> |

## 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

Sustainable finance

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

Enhancement of sustainable business practices in the financial sector

### Policy, law or regulation coverage

National

### Country/area/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 actively engages with policymakers by participating in key working groups and associations. The bank is a proactive member of the Turkish Industry and Business Association (TÜSİAD) Environment and Climate Change Working Group, as well as the Climate Change and Paris Agreement, Sustainable Finance, Gender Equality, and Energy Working Groups. Through these affiliations, Yapı Kredi collaborates with public institutions, non-governmental organizations, and international entities to address important policy matters.

Within these working groups, Yapı Kredi contributes to the development of opinion papers that reflect the bank's perspectives on relevant policy issues. The bank also provides support to research initiatives and reports that align with its areas of expertise and focus. By actively participating in these engagements, Yapı Kredi demonstrates its commitment to influencing the policy-making process and playing a proactive role in shaping laws and regulations.

Through direct involvement in consultations, working groups, and collaborations with various stakeholders, Yapı Kredi ensures that its voice is heard and its expertise is considered when policy decisions are made. By actively engaging with policymakers, the bank strives to promote sustainable practices, address climate change challenges, foster gender equality, and contribute to the development of sound policies in areas relevant to its activities.

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

**Have you evaluated whether your engagement on this policy, law, or regulation 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**

Sustainable finance

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

Enhancement of sustainable business practices in the financial sector

**Policy, law or regulation coverage**

National

**Country/area/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 actively engages with policymakers by participating in key working groups and associations. The bank is a proactive member of the Turkish Industry and Business Association (TÜSİAD) Environment and Climate Change Working Group, as well as the Climate Change and Paris Agreement, Sustainable Finance, Gender Equality, and Energy Working Groups. Through these affiliations, Yapı Kredi collaborates with public institutions, non-governmental organizations, and international entities to address

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

**Have you evaluated whether your engagement on this policy, law, or regulation is aligned with the Sustainable Development Goals?**

Yes, we have evaluated, and it is aligned

**FW-FS5.1**

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

|                             | <b>We measure our portfolio impact on this issue area</b> | <b>Explain how your organization measures its portfolio impact on this issue area, including any metrics used to quantify impact</b>   |
|-----------------------------|---|--|
| Banking – Impact on Forests | Yes   | <p>i) The method used by Yapı Kredi to measure portfolio impacts on forests-related issues is the Portfolio Impact Analysis Tool. This tool, co-developed by the Positive Impact Initiative, Principles for Responsible Banking signatories, and the United Nations Environment Programme Finance Initiative (UNEP FI), allows the bank to analyze the potential environmental and social impacts associated with its entire loan portfolio. 2022 reporting period is Yapı Kredi's third year for the United Nations Principles for Responsible Banking reporting. Yapı Kredi repeated its impact analysis study using the second version of the Portfolio Impact Analysis Tool updated in 2021.</p> <p>ii) The metrics used by Yapı Kredi to measure portfolio impacts include the environmental and social indicators provided by the Portfolio Impact Analysis Tool. These indicators help assess the potential effects of the bank's retail, business, corporate, and investment banking portfolios on water-related and forests-related</p> |

|                           |     |  |
|---------------------------|-----|--|
|                           |     | issues. By utilizing these metrics, Yapı Kredi can gain insights into the environmental and social aspects of its loan portfolio and make informed decisions to address any identified impacts.  |
| Banking – Impact on Water | Yes | <p>i) The method used by Yapı Kredi to measure portfolio impacts on forests-related issues is the Portfolio Impact Analysis Tool. This tool, co-developed by the Positive Impact Initiative, Principles for Responsible Banking signatories, and the United Nations Environment Programme Finance Initiative (UNEP FI), allows the bank to analyze the potential environmental and social impacts associated with its entire loan portfolio. 2022 reporting period is Yapı Kredi's third year for the United Nations Principles for Responsible Banking reporting. Yapı Kredi repeated its impact analysis study using the second version of the Portfolio Impact Analysis Tool updated in 2021.</p> <p>ii) The metrics used by Yapı Kredi to measure portfolio impacts include the environmental and social indicators provided by the Portfolio Impact Analysis Tool. These indicators help assess the potential effects of the bank's retail, business, corporate, and investment banking portfolios on water-related and forests-related issues. By utilizing these metrics, Yapı Kredi can gain insights into the environmental and social aspects of its loan portfolio and make informed decisions to address any identified impacts.</p> |

## FW-FS5.2

**(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 chain is not started yet but planned to assess in next two years. |
| Lending to companies operating in the                              | No  |  |  |

|  |     |  |   |
|--|-----|--|---|
| palm oil products supply chain                                     |     |  |   |
| 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 two 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 two years. |
| Lending to companies operating in the rubber supply chain          | No  |  |   |
| Lending to companies operating in the cocoa supply chain           | No  |  |   |
| Lending to companies operating in the coffee supply chain          | No  |  |   |

### FW-FS5.3

**(FW-FS5.3) Indicate whether you measure the percentage of clients/investees compliant with your forests- and/or water-related requirements stated in question FW-FS3.5, and provide details.**

**Portfolio**

Banking (Bank)

**Issue area(s) the requirements cover**

Forests

### **Forests risk commodity covered by the requirements**

All agricultural commodities

### **Measurement of proportion of clients/investees compliant with forests- or water-related requirements**

Yes

### **Metric used for compliance with forests-related requirements**

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 policy. The loans or projects which are included in the Exclusion List of the Bank are not financed under any circumstances.

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 and 2022 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.

In 2022, system automations required for monitoring the ESRA System on the bid screens were completed and implemented. As a result of the system build and development works, the process documents used throughout the bank were updated and made available to the relevant staff. After the automation process, the portfolio managers in the branches and all related teams received trainings on the purpose, scope, implementation and user guide of the ESRA System in order to renew the in-house ESRA trainings and raise corporate awareness.

The Bank continues its efforts to set out its medium and long-term science based emission reduction targets for both operational and lending activities.

### **Metric used for compliance with water-related requirements**

Other, please specify

Percentage of portfolio companies/clients/investees that demonstrate compliance with the requirements of Environmental and Social Policy

**% clients/investees compliant with forests- or water-related requirements**

100

**% portfolio value that is compliant with forest- or water-related requirements**

100

**Target year for 100% compliance**

Already met

---

**Portfolio**

Banking (Bank)

**Issue area(s) the requirements cover**

Water Security

**Forests risk commodity covered by the requirements**

All agricultural commodities

**Measurement of proportion of clients/investees compliant with forests- or water-related requirements**

Yes

**Metric used for compliance with forests-related requirements**

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 policy. The loans or projects which are included in the Exclusion List of the Bank are not financed under any circumstances.

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 and 2022 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.

In 2022, system automations required for monitoring the ESRA System on the bid screens were completed and implemented. As a result of the system build and development works, the process documents used throughout the bank were updated and made available to the relevant staff. After the automation process, the portfolio managers in the branches and all related teams received trainings on the purpose, scope, implementation and user guide of the ESRA System in order to renew the in-house ESRA trainings and raise corporate awareness.

The Bank continues its efforts to set out its medium and long-term science based emission reduction targets for both operational and lending activities.

**Metric used for compliance with water-related requirements**

Other, please specify

Percentage of portfolio companies/clients/investees that demonstrate compliance with the requirements of Environmental and Social Policy

**% clients/investees compliant with forests- or water-related requirements**

100

**% portfolio value that is compliant with forest- or water-related requirements**

100

**Target year for 100% compliance**

Already met

## 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).**

---

**Focus of the Publication**

Forests

**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

 yk22\_annual-report.pdf

**Page/Section reference**

Governance: 63-77

Strategy: 75-141

Risk: 99-115

### Content elements

Governance

Strategy

Risks and opportunities

### Comment

No additional comment.

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### Focus of the Publication

Water Security

### Publication

In mainstream reports

### Status

Complete

### Attach the document

 yk22\_annual-report.pdf

### Page/Section reference

Governance: 63-77

Strategy: 75-141

Risk: 99-115

### Content elements

Governance

Strategy

Risks and opportunities

### Comment

No additional comment.

## Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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|-------------------------------------|---|-------------------------------------|---------------------|
| <input checked="" type="checkbox"/> | I understand that my response will be shared with all requesting stakeholders | <input checked="" type="checkbox"/> | Response permission |
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