Welcome to your CDP Climate Change Questionnaire 2019

C0. Introduction

C0.1

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

Vakıfbank has been established in 1954 with a cooperation of several Turkish Foundations as an incorporation company and has become one of Turkey's leading banks. The Bank’s founding mission was to manage and use the assets of foundations in the most efficient manner, to contribute to Turkey’s savings rate based on modern banking principles, and to channel the deposits collected toward the country’s economic development. Vakıfbank offers corporate, commercial and small business banking products and services as well as individual and private banking, specializing in all financial areas. In addition to basic banking products and services, Vakifbank has investment banking and capital market activities, where Vakifbank has been playing a leading role in domestic and foreign trade financing. It also offers insurance through financial subsidiaries of leasing and factoring services to its customers located up a wide range of financial products with high technology required age. Vakıfbank offers its services to individual and corporate customers with its 948 branches spread over the country, as well as with the alternative distribution channels supported by advanced technology. Vakıfbank has several branches abroad such as the New York branch in US, Erbil branch in Northern Iraq as well as a banking branch in Bahrain coast. Also, Vakıfbank has three subsidiary banks abroad including Vakıfbank International AG in Austria (Vienna branch and branches in Germany, Frankfurt am Main and Cologne), TRNC (Northern Cyprsus) World Vakıf UBB. Ltd. and Vakıflar Bankası Cyprus. Ltd. Vakıfbank's other subsidiaries are Gunes Sigorta Inc, Vakıf Retirement Inc., Vakıf Financial Factoring Services Inc., Vakıflar Leasing, Vakıflar Real Estate Investment Trust , Vakıf B-Type Securities Investment Trust. Inc., Vakıf Asset Management, Vakıflar Securities Investment Trust Inc. Vakıf Marketing Ind. and Trade Co., Taksim Hotels Inc., Vakıflar Energy and Mining Inc. and Vakıf Real Estate Appraisal Inc. 25% of Vakıfbank's share is available in stock exchange market. Borsa İstanbul (BIST) has signed a cooperation agreement with Ethical Investment Research Services Limited (EIRIS) to develop and conduct BIST Sustainability Index. In accordance with this agreement, EIRIS assesses Borsa İstanbul listed companies based on the international sustainability criteria. The assessment is based upon only publicly available information and assessment costs of companies are covered by Borsa İstanbul.Vakıfbank has been one of the first four banks that satisfied the Sustainability Criteria developed for the Sustainability index. In 2015, there were only 6 Banks that satiffy the criteria of the Sustainability Index, and Vakıfbank has been one of them. VakıfBank, previously honored with the “Award for Excellence in Sustainable Energy Financing” by the EBRD, repeated its success in this area in 2013 and became the first bank that placed

a loan from TURSEFF-II (Turkey Sustainable Energy Financing Facility (TurSEFF) of the European Bank for Reconstruction and Development (EBRD). Vakıfbank puts the best effort to “sustainability” with the value contributed to its customers, shareholders, employees and society for the economic and social responsibility. Vakıfbank is conscious of its responsibility for contributing to global and national efforts to mitigate climate change. Therefore, the Bank adopts the aim of decreasing its carbon footprint in line with its environmental responsibility. Within this framework, the following policies are implemented in Vakıfbank in 2015: -Supporting the policies and national development plans that will be determined to decrease GHG emissions, through contribution to national draft policies and plans. -Fulfilling not only the Bank's global and national responsibilities, but also being a role model in the Turkish Banking Sector for Environmental Sustainability at several platforms such as Istanbul Stock Exchange Sustainability Index, CDP, MidSEFF, TurSeff and other initiatives. -Continuous monitoring, transparent reporting and improving GHG emission reduction performance since 2013. In 2017, Vakıfbank certified not only its HQ, but also its 30 branches with ISO 14001 Environmental Management System. Besides, the Bank **started to disclose environmental data from its all branches all over the world**. **In 2018, the Bank certified 280 branches with ISO 14001 Environmental Management System**. Furthermore, **Vakıfbank deemed worthy to be included in FT4Good Index and to be evaluated in Dow Jones Sustainability Index**.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Row 1	January 1, 2018	December 31, 2018	No

C0.3

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

Bahrain
Iraq
Turkey
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

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

Yes

C1.1a

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

Position of individual(s)	Please explain
Director on board	Deputy Chair of the Board is heading the Corporate Governance Committee, which is in charge of conducting Sustainability including Climate related issues.

Director on board	Member of the Board is also a member of Corporate Governance Committee, which is in charge of conducting Sustainability including Climate related issues.
Other, please specify EVP of International Banking and Investo	Executive Vice President of International Banking and Investor Relations Directorate is a member of Corporate Governance Committee, which is in charge of conducting Sustainability including Climate related issues. This position is also the leader of Sustainability Services.

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Board of Directors has the top level responsibility about the overall performance of the Bank. Therefore, BoD guides and review the strategy on sustainability and climate change. It evaluates the risks and risk management policies. It sets the performance objectives and allocates the relevant sources according to them. Consequently, monitors the performance and the progress on climate change topics.

C1.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other committee, please specify Corporate Governance Committee	Both assessing and managing climate-related risks and opportunities	Quarterly
Other, please specify Sustainability Working Group	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Chief Executive Officer (CEO)	Assessing climate-related risks and opportunities	More frequently than quarterly
Other C-Suite Officer, please specify Support Services President	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

C1.2a

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

Corporate Governance Committee coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by 'Sustainability Working Group' . The 'Corporate Governance Committee' is composed of 3 person, of which 2 are members of Board of Directors and 1 is Executive Vice President of "International Banking and Investor Relations Directorate". The Committee meets generally every 3 months or at least twice a year, but not to exceed 6 months between two meetings.

The 'Sustainability Working Group' (SWG) is the main group that executes the decisions taken by the 'Corporate Governance Committee' (CGC), in cooperation with the relevant departments of Vakıfbank. SWG meets more frequently than CGC and in frequent touch among eachother. The SWG is composed of the following representatives:

-Senior Vice President (SVP) of International Banking and Investor Relations Dept.

-Senior Vice President (SVP) of Administrative Affairs Dept.
-Senior Vice President (SVP) of Corporate Communication Dept.
-Manager of Investor Relations Dept. (Secreteriat)
-Manager of Corporate Development Dept.
-Manager of Credit Risk and Operational Risk Management Dept.
-Manager of Recruitment and Employee Operations Dept.
-Manager of Employee Relations and Discipline Dept.
-Manager of Specialized Loans Project Development and Analysis Dept.
-Manager of Investment Loans Project Development and Analysis Dept.
-Manager of Corporate Training Dept.
-Manager of SME Banking Products Development and Management Dept.
-Manager of Construction Affairs Dept.
-Manager of Strategy Development and Planning Dept.
-Manager of Compliance Dept.
-Manager of Internal Audit Dept.
-Manager of Marketing of Retail Banking Dept.
-Manager of Internal Communication Dept.
-Manager of Public Relations and Media Dept.

Under the Sustainability Working Group (SWG), two Management Services has been established, which are responsible from different particular aspects of sustainability management: "Environmental Management Service - EMS" and "Sustainability Service". The EMS is composed of 9 employees who guide and monitor the Environmental Representatives (ERs) in each 959 branch together with Administrative Affairs Dept. serving under Support Services President of Vakıfbank. Each branch has at least 2 ER and as a result a total number of 2,161 ERs all around Turkey help to manage environmental issues in Vakıfbank. In addition to that, there is 331 representatives of ISO 14001 Env. Man. Sys. in the branches of Vakıfbank.

The EMS is directly responsible from developing environmental strategies, policies and projects, as well as developing, updating environmental targets and indicators and implementing projects. All Climate Change related efforts are under the direct responsibility of the EMS. The Service
-monitors and reports GHG inventory of Vakıfbank office and branches in Turkey, and prepares corporate GHG management and action plans,
-develops guidelines for the environmental representatives in each 959 branch in order to help them with data collection,
-develops and coordinates the implementation of projects for reducing the environmental and carbon footprint of Vakıfbank,

-develops projects for low carbon office behaviour, raises awareness among the employees regarding climate change,
-identifies and shares Vakıfbank's corporate risks, opportunities and targets due to climate change within the framework of Carbon Disclosure Project,
-integrates Vakıfbank to international environmental standards such as ISO 14001, EMAS, etc.,
-represents Vakıfbank in national and international events and meetings for climate change related issues.

The EMS has the authority to assess and audit the branch offices for environmental indicators including GHG emissions and natural source use. EMS measures each branch's performance and acts in coordination with ERs to maximize the branch's environmental performance. EMS also works in high accordance with Construction Affairs Dept. to increase the energy and emission efficiency of the buildings. In case; a branch has an insufficient environmental performance, EMS is able to send it an official notification. In case; a branch persistent on insufficient environmental performance, EMS could report the branch to the SWG. EMS also cooperates with Sustainability Service on GRI Sustainability Reporting, especially on environmental impacts.

SWG and EMS also prepare and amend the risk & opportunity categories that may occur due to climate change, and shares this information directly with Credit Dept.s, Project Development and Analysis Dept.s in order to integrate them into the risk and opportunity analysis procedures. So that all departments could use this intelligence in their risk & opp. assessments.

Our Board od Directors and CEO is the main responsible authorities on all practices applied and the performance driven the Bank, so as on climate-related issues.

C1.3

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

Yes

C1.3a

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

Who is entitled to benefit from these incentives?

Board/Executive board

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify

Reputation

Comment

Board of Directors has the top level responsibility about the overall performance of the Bank. Therefore; any achievement or reward will bring Vakıfbank reputation and recognition and the Board will be the recognized.

Who is entitled to benefit from these incentives?

Corporate executive team

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify

All

Comment

'Corporate Governance Committee' coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented. Therefore, the top committee responsible for any positive or negative performance on these topics is CGC. It also leads the organisational behavioral change about climate change management.

Who is entitled to benefit from these incentives?

Other, please specify

Branch Enviromental Represantative

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The Board sets a target about emission reduction and efficient use of resources. Thus every branch should be effectively managing their emissions . If the branch achieves its target, its employees' performance monetary reward (bonus) will be higher.

C2. Risks and opportunities

C2.1

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

	From (years)	To (years)	Comment
Short-term	0	2	Vakıfbank considers to be in global sustainability indices. Vakıfbank will be declaring that it will participate to Science Based Target initiative for emission reduction. Vakıfbank established ISO 14001 Environmental Management System including its HQ Buildings and branches. The Bank plans to instill recycle management system to 530 branches. Energy and emission efficiency will be improved and the environmental footprint will be decreased. 2018 plan was to include 230 branches in the system and it is over achieved by including 280 branches.

			Vakıfbank will be keeping on training and awareness raising activities on "Sustainability and Climate Change" for Vakıfbank employees to raise the consciousness, Training agenda is currently scheduled for 2019. In 2018, a total number of 922 employees trained in 'Sustainability and Climate Change' trainings. Additionally, a total number of 340 employees participated in ISO 14001 Env. Man. System trainings. International banking will be in effort to obtain new syndication credits and/or international funds for low carbon finance. In 2018; 2,077 million USD of syndication credits are obtained. For 2019, International banking will be in effort to obtain new syndication credits and/or international funds for low carbon finance. The target is over 1,5 billion USD. Vakıfbank will be promoting its low carbon products and its products that decreases third parties' carbon footprint like credits for environment friendly buildings, energy efficiencies and mobile banking products. Vakıfbank will be considering physical climate risks effects in new branch location selection. Additionally, for existing branches, the Bank will be putting effort by its constructional works unit to minimize the potential physical effects of climate change.
Medium-term	2	6	Vakıfbank considers to be in more global sustainability indices. Vakıfbank will numeralize its Science Based Targets for emission reduction and will be following its action plan. Vakıfbank will be one of the leading Turkish banks promoting low carbon economy. It will enlarge its green economy products and portfolio. It will raise the funds, provided from international organizations and responsible investment funds. International banking will be in effort to obtain new syndication credits and/or international funds for low carbon finance. Turkey will be in cap and trade schemes and Vakıfbank will be one of the mediating banks for the market. With the help of Vakıfbank's high-end technologies, the use of Vakıfbank's products that decreases third parties' carbon footprints like internet and mobile banking will be boosted.

			All Vakıfbank locations will be in ISO 14001 Environmental Management System with advanced recycle management system. Energy and emission efficiency will be improved and the environmental footprint will be decreased. Vakıfbank will be keeping on training and awareness raising activities on "Sustainability and Climate Change" for Vakıfbank employees to raise the consciousness. Vakıfbank will be considering physical climate risks effects in new branch location selection. Additionally, for existing branches, the Bank will be putting effort by its constructional works unit to minimize the potential physical effects of climate change.
Long-term	6	11	Vakıfbank considers to be in many global sustainability indices. Vakıfbank will be following its Science Based Targets for emission reduction. Vakıfbank will be one of the leading Turkish banks promoting low carbon economy. It will enlarge its green economy products and portfolio. It will raise the funds, provided from international organizations and responsible investment funds. International banking will be in effort to obtain new syndication credits and/or international funds for low carbon finance. Turkey will be in cap and trade schemes and Vakıfbank will be one of the mediating banks for the market. Vakıfbank will be using the internal price of carbon. Further more, Vakıfbank will be in TFCD and will be one of the leading banks to contribute to disseminate the accounting system internalizing the carbon price. With the help of Vakıfbank's high-end technologies, the use of Vakıfbank's products that decreases third parties' carbon footprints like internet and mobile banking will be boosted. All Vakıfbank locations will be both in ISO 14001 Environmental Management System and ISO 50001 Energy Management System with advanced recycle management system. Energy and emission efficiency will be improved and the environmental footprint will be decreased. The branches will be highly dijital with less employees.

			Vakıfbank will be contributing to the green economy and sustainable development with its expectations from its suppliers and credit beneficiaries. Vakıfbank will be keeping on training and awareness raising activities on "Sustainability and Climate Change" for not only Vakıfbank employees, but also to its customers and suppliers to raise their conciousness. Vakıfbank will be considering physical climate risks effects in new branch location selection. Additionally, for existing branches, the Bank will be putting effort by its constructional works unit to minimize the potential physical effects of climate change.

C2.2

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

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

C2.2a

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

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Vakıfbank has an advanced and multi-level, multi-disciplinary, company-wide risk and opportunity management model. Board of Directors is the main and the highest-level responsible of the overall performance of the Bank, but the main responsibility of the Sustainability (including climate change) is on the Corporate Governance Committee. It directly reports to BoD. Stakeholder expectations & materiality issues analysis are performed periodically from various channels. One of the main channels is the one in Sustainability Reporting annually. Findings are evaluated mainly by the Investor Relations, Env. Man. Serv.

			and Risk Dept. to determine the risks & opp.s. Besides, relevant core business units (Credits, SME Banking, International Banking, etc.) detect the possible risks & opp.s on Climate Change. Then, risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. On the other hand; inspectors also examine periodically.

C2.2b

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

Vakıfbank has an advanced and multi-level, multi-disciplinary, company-wide risk & opportunity management model. The description of a process for identifying and assessing climate-related risks is as follows: Board of Directors is the main and the highest-level responsible of the overall performance of the Bank, but the main responsibility of the Sustainability (including climate change) is on the Corporate Governance Committee. It directly reports to BoD. Stakeholder expectations and material issues analysis are performed periodically from various channels. One of the main channels is the one in Sustainability Reporting annually. Findings are evaluated mainly by the Investor Relations, Env. Man. Serv. and Risk Dept. to determine the risks and opportunities. Besides, relevant core business units (Credits, SME Banking, International Banking, etc.) detect the possible risks & opp.s on Climate Change. Then, risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. On the other hand; inspectors also examine periodically.

i) Company level assessment processes:
CGC, with the support of Environmental Management Service (EMS), is responsible from identifying the risks & opportunities that might result from climate change. EMS has the coordinating role among all departments in identifying and communicating the Climate Change (CC) risks & opp.s. The risks & opp.s are then shared with the Risk Management Dept. under the BoD for further assessment & prioritization. Risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. Reputational risk, operational risk and credit risk are of our Company wide risks about CC.

ii) Asset level processes:
Several dept.s are responsible from determining asset levels risks for Vakıfbank due to climate change. In credit line; "Financial Evaluation and Ranking Dept." gathers data about the applicant's sector and the applicant itself and prepares the initial assessment report, including CC risks & opp.s. Afterwards, each department considers and evaluates their risks according to their credit type responsibilities. The following dept.s assess credit applications integrating climate change risks and opportunities:
-Investment Loans Project Development and Analysis

- Agricultural Credits
- SME Credits
- Specialized Loans Projects Development and Analysis
-Commercial Credits

Substantial financial impacts about climate-related risks mat arise from following subjects. For credit applications over a certain budget, Investment Loans Project Development and Analysis Dept. prepares Financial-Technical-Economic Analysis for Credit Dept.s for an additonal risk assessment. The technical part of these reports considers env. & social (including CC) risks & opp.s that may result from the project, as well as possible risks & opp.s that may impact the project.

The potential risks & opportunities that are identified by Sustainability Working Group-SWG (Formerly;Sustainability Sub-Committee), together with Sustainability Service and EMS, and are communicated to the Risk Management Dept. under the BoD for further assessment & classification. Vakıfbank puts importance on evaluating and managing environmental risks on its credit line. Emission intense clients and projects (eg. Thermal power plants) are assessed thoroughly and evaluated by high level decision makers within Vakıfbank.

SWG, together with Sustainability Service and EMS, prepare the risk & opportunity categories (according to the decisions taken by Board of Directors) that may occur due to climate change, and shares this information with credit dept.s, Inteligence Dept. and Project Analysis Dept. in order to integrate them into the risk analysis procedures. Risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. On the other hand; inspectors also examine periodically.

Risk assessments, research, stakeholder consultation & good governance provide us the input needed to prioritize the risks & opp.s. Risks & opp.s are assessed & prioritised depending on the magnitude of the potential loss & the probability that the loss will occur. Financial, environmental, reputational, legal & customer criteria are considered. The frequency of risk assessments depends on the business unit and risk type, taking place at least annually.

Loan applications for Energy Generation and Energy Efficiency Projects is considered in special attention. While assessing and prioritizing risks, parameters such as price of energy, supply&demand balance and external factors that may impact these two parameters are taken into account. CC has been among those parameters since several years for us. Vakıfbank considers CC as a serious thread which may have direct impact on Vakıfbank's operations, reputation and capital assets.

If they are evaluated at the high risk category, then they are defined as substantial financial impact.

C2.2c

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Vakıfbank always aims to fully comply with regulations, as a public bank puts great importance on this matter. EMS and Legal dept. steers Vakıfbank for full compliance. Both national and international current regulations are taken into account.
Emerging regulation	Relevant, always included	Vakıfbank's Sustainability Working Group members, especially Sustainability Service EMS and Project Development ad Analysis Dept. follow the upcoming regulations and sometimes share its opinion directly or indirectly via sectoral organisations such as Turkish Banks Association. Emerging regulations are considered in the risk assessment. Within the framework of approximation to EU Aquis, Turkey is expected to integrate to European Emission Trading Scheme, thus to the cap and trade system. Therefore; both national and international emerging regulations are taken into account. For example; if a regulation about carbon taxes get into force in Turkey, then it will be an extra cost item for Vakıfbank. Such climate change risks are considered in our climate change related risk assessments. Env. Man Serv. gathers comprehensive environmental data from all premises including its branches abroad, calculates its emissions in ISO 14064-1 Standards with the support of ESG Turkey Sustainability Consultancy firm and make the data and its reductions verified the data in ISO 14064-3 Standards

Technology	Relevant, always included	Technology is considered in the risk and opportunity assessment. As we are a bank, we are highly dependent on technology. For example, any physical adverse effect of Climate Change such as storms and floods could cause a high damage on our business such as disruption in services provided. Another most common example could be the increase in electricity energy, consequently our emissions depending on the increase in use of technology.
Legal	Relevant, always included	Vakıfbank always aims to fully comply with regulations, as a public bank puts great importance on this. Vakıfbank is providing fund to third parties. Therefore, legal compliance is important for both in its own operations, and in its credit line (project finance).
Market	Relevant, always included	Vakıfbank considers climate related market risks in its risk assessment. For example; financing thermal energy plants using fossil fuels is a risk. Vakıfbank uses international funds from EBRD, EIB and AFD, there is environmental and social risk management systems for these funds.
Reputation	Relevant, always included	Vakıfbank is a public company and quoted to Borsa Istanbul. Furthermore, Vakıfbank has been one of the first four banks qualified to be in BIST Sustainability Index by meeting the sustainability criteria of BIST SI. Vakıfbank has a leading role of in sustainable finance in Turkey. Vakıfbank's reputation, brand and market value could be affected negatively due to climate change risks.
Acute physical	Relevant, always included	Vakıfbank operations are highly dependent on technology. Therefore, floods, storms, extreme weather conditions could affect banking operations. Vakıfbank takes them into consideration in its risk assessments and takes necessary precautions. In addition to that, Vakıfbank operations are highly dependent on electricity and these events could affect the continuity of the electricity supply (energy security) and increase the demand on energy. Therefore, these events could cause disruption in operations. Vakıfbank takes them into account in its risk assessments and takes necessary precautions like having on premise generators at its operation locations.
Chronic physical	Relevant, always included	Chronic physical risks like change in precipitation regimes, drought, change in sea temperatures could negatively affect economy and especially some sectors like agriculture, fishery. Vakıfbank is aware of them and takes them into account in its risk assessments. Necessary precautions like awareness raising among its credit analysts and customers is conducted. In addition to that, Vakıfbank operations are highly dependent on electricity and these events could increase the demand

		on energy. This may cause disruption in supply and consequently disruption in operations. Vakıfbank takes them into account in its risk assessments and takes necessary precautions like having on premise generators at its operation locations.
Upstream	Relevant, always included	Vakıfbank operations are highly dependent on electricity and Internet. The climate change events may cause disruption in supply in electricity and provision of internet. Consequently, these may cause disruption in Vakıfbank operations or the data flow to Vakıfbank. Vakıfbank takes them into account in its risk assessments.
Downstream	Relevant, always included	Vakıfbank provides internet and mobile banking operations. The climate change events may cause disruption in supply in electricity and provision of internet. Consequently, these may cause disruption in access and use of Vakıfbank's online operations, data flow to market. Vakıfbank takes them into account in its risk assessments.

C2.2d

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

The Board of Directors (BoD) is the main and top-level responsibility for the overall performance of the bank. Nevertheless, the main responsibility for sustainability (including climate change) is on the Corporate Governance Committee (CGC) (under the Sustainability Committee last year) under the BoD.

CGC is responsible for defining the risks and opportunities arising from climate change through the support of Environmental Management Service (EMS). EMS is the department that defines climate change and assumes a coordinating role between all departments on the communication of risks and opportunities. Risks and opportunities are then shared for further assessment and prioritization with the Risk Management Department under the OH & S. The risks are classified and, if necessary, monitored or directed to the Committee and / or actions taken. Reputation risk, operational risk and credit risk are also risks associated with climate change throughout the company.

Many departments are obliged to determine Vakifbank's risks at the asset level due to climate change. In terms of credit, the 'Financial Evaluation Division' collects information on the sector of the applicant organization and the organization and prepares the first evaluation report on climate change. Each section then evaluates the risks according to its credit type responsibility. The following sections evaluate loan applications and correlate them with climate change risks and opportunities:
- Project and Investment Financing

- Agricultural loans
- Project Analysis Department
- Commercial Loans

For loan applications on a certain budget, the Project Analysis Division prepares Financial Technical Economic Analysis for Credit Sections as an additional risk assessment. The technical aspects of these reports address potential risks and opportunities that can impact the project, as well as environmental and social (including climate change) risks and opportunities that may arise from the project.

Potential risks and opportunities are defined by the Sustainability Task Force (STF - Former Sustainability Sub-Committee) together with the Sustainability Service and the EMS and forwarded to the Risk Management Department under the Board for further evaluation and classification. Vakıfbank attaches importance to assessing and managing environmental risks on credit. Emergent customers and projects (eg, thermal power plants) are carefully evaluated by senior decision makers at Vakıfbank.

STF, together with the Sustainability Service and the EMS, prepares risk and opportunity categories (inline with the decisions of the BoD) that may arise in relation to climate change and share this information with the Intelligence Division and Project Analysis Division to be integrated into risk analysis procedures. Risks are classified and, if necessary, supervised, escalated and / or acted upon by the Committee. On the other hand, inspectors are also examined periodically.

The risk assessment provides the input that we need to investigate, receive feedback from stakeholders, and prioritize good governance, risks and opportunities. Risk and opportunities are prioritized according to the magnitude of the potential loss and the likelihood of loss. It is evaluated according to financial, environmental, reputational, legal and customer criteria. The frequency of risk assessments will be at least once a year, depending on the business unit and risk type.
Corporate Governance Committee (CGC) is responsible for defining the risks and opportunities arising from climate change through the support of Environmental Management Service (EMS). EMS is the department that defines climate change and assumes a coordinating role between all departments on the communication of risks and opportunities. Risks and opportunities are then shared for further assessment and prioritization with the Risk Management Department under the OH & S. The risks are classified and, if necessary, monitored or directed to the Committee and / or actions taken. Reputation risk, operational risk and credit risk are also risks associated with climate change throughout the company.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Market: Increased cost of raw materials

Type of financial impact

Change in revenue mix and sources resulting in decreased revenues

Company- specific description

Within the framework of approximation to EU Aquis, Turkey is expected to integrate to European Emission Trading Scheme, thus to the cap and trade system. During this process, several Turkish industrial sectors may have reduce their emissions through low carbon technology investments or through offsetting their GHG emissions, in order to keep their emissions under the allowed treshold levels. While ETS would not apply directly to Vakıfbank, the situation may cause loan recipients to increase their capital costs due to additional regulatory requirements for

their investments. Increased costs for investors (which are clients of Vakıfbank) may mean increased risk of capacity of the companies to pay back the bank loans especially for project finance.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Vakıfbank is one of the first banks in Turkey through which WB, EBRD and IFC provide loans to energy efficiency and renewable energy projects under Clean Technology Fund (CTF). Turkish Undersecretariat of Treasury provides assurance for Vakıfbank for the management of CTF. Turkey worked closely with the EBRD, members of the World Bank Group (EBRD, IFC), to design an investment plan that taps USD 250 Million from the Clean Technology Fund (CTF) high-impact energy sector projects. CTF financing is expected to leverage an additional USD 2.25 billion for investments in energy efficiency, renewable energy, and smart grid upgrades to facilitate greater integration of renewable energy. GHG emissions savings and reductions for CTF financed projects are estimated at 87 MtCO2e.

Management method

"Sustainability Committee" (which is named as 'Corporate Governance Committee' this year) coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by Sustainability Sub-committee"(which is named as 'Sustainability Working Group' this year). Corporate Governance Committee, with the support of Environmental Management Service, is responsible from identifying the risks and opportunities that might result from climate change. Environmental Management Service has the coordinating role among all departments in identifying and communicating the risks and opportunities due to Climate Change. The risks and opportunities are then communicated to the Risk Management Department under the Board of Directors for further assessment and prioritization. Therefore, cap and trade schemes, its risks, opportunities, and impacts are all assessed by Vakıfbank. Vakıfbank established the Environmental Management Service to evaluate such topics in detail and to determine its responses. On the other hand, Vakıfbank conducts business with international organisations such as EBRD, IFC, WB, etc. Therefore, Vakıfbank has sufficient infrastructure and experience to develop or involve in such formations, if necessary.

Cost of management

561,714

Comment

Since there are no cap and trade schemes in Turkey at the moment, the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 9 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary.

Personnel fees of EMS and the budget of consultancy services provided to EMS are 561,714 TL in total for 2018.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Other

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Carbon tax would be another instrument to reduce Turkey's overall GHG Emissions. In case implemented, carbon tax will bring additional operational cost to Vakıfbank's clients due to their GHG emissions. Increased operational costs will mean less revenue and increased risk for loan pay back to Vakıfbank from the clients.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

57,078

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

If carbon tax is introduced in Turkey, it could have a direct financial impact on Vakıfbank as GHG emitting organization. Even though, Vakıfbank achieves its emission reduction targets and verifies its emissions by a third party organization, Vakıfbank may face an amount of carbon tax. Vakıfbank has direct, energy indirect and other indirect emissions of 21,699 tCO2e in 2018. If we assume that 0.5 USD per tCO2e is charged as carbon tax, then Vakıfbank would subject to 10,849.5 USD (57,078 TL as of Dec 31, 2018) of tax expenditure (negative effect).

Management method

'Corporate Governance Committee' coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by Sustainability Sub-committee". Corporate Governance Committee with the support of Environmental Management Service (EMS), is responsible from identifying the risks and opportunities that might result from climate change. Environmental Management Service has the coordinating role among all departments in identifying and communicating the risks and opportunities due to Climate Change. The risks and opportunities are then communicated to the Risk Management Department under the Board of Directors for further assessment and prioritization. As an action; EMS is established to develop Carbon Management strategies and policies. To this aim, EMS calculates, monitors and take actions to reduce the emissions and mitigate the Climate Change effects on Vakıfbank. For example, GHG Inventory is calculated by EMS and projections about possible carbon tax are prepared. If we assume that 0.5 USD per tCO2e is charged as carbon tax, then Vakıfbank would subject to 10,849.5 USD of tax.

Cost of management

561,714

Comment

Since there is no carbon tax in Turkey at the moment, the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 9 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are 561,714 TL in total for 2018.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Other

Type of financial impact

Other, please specify

Costs to adopt/deploy new practices and processes

Company- specific description

The Regulation on Energy Performance in Buildings came into force in 2009. According to the regulation, all new and existing buildings must meet minimum energy performance. Existing buildings should receive an energy performance certificate in the near future. With more than 950 branches, Vakıfbank will have to monitor and increase its energy performance for each branch. This operation will eventually reduce energy costs, however it will bring additional capital cost at the beginning of implementation.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Vakıfbank already has a system to monitor the energy consumption of each branch. The system allows Vakıfbank to determine which branches has low energy efficiency performance. And increasing the energy performance of some branches with low performance is not expected to have medium-level costs for the bank.

Management method

Vakıfbank plans to implement high energy efficiency standards to the new branch offices. Therefore such upcoming and existing regulatory requirements will be met in the future. EMS is putting focus and performance on topic. In 2018, Vakıfbank got ISO 14001 Certificates including 280 of its branches of Vakıfbank.

Cost of management

561,714

Comment

Personnel fees of EMS and the budget of consultancy services provided to EMS are 561,714 TL in total for 2018.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Acute: Other

Type of financial impact

Increased capital costs (e.g., damage to facilities)

Company- specific description

An overall change in all climate parameters combined (preciptation, temperature, etc.) is expected to have negative impacts on agricultural product yields and SMEs. Vakıfbank gives loans to farmers, therefore reduced income for farmers may cause a risk of difficulties of receiving back the loans from the loan recipients.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In parallel to its vision on sustainable banking, Vakıfbank provides EBRD's TurAFF (Turkish Agricultural Financing Facility) funds to its customers. Within the scope of the securitization loan agreement that was signed in December 2014, a fund in the amount of EUR 75 million has been disbursed to the Bank as a continuation of TurAFF loan. In addition to that, in 2016 EUR 25 million additional TurAFF loan is disbursed to Vakıfbank.

Management method

Vakıfbank integrates climate risks and associated possible income losses in risk management procedures of project financing on the asset level. According to Vakıfbank's credit policy, eco-friendly projects with the principle of sustainability are given priority for financing. Besides the loan programs originating from international banks, Vakıfbank provides financial incentives to individuals, SMEs and project owners to support their sustainability projects.

Cost of management

0

Comment

There is no additional direct costs on management of TurAFF loans.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Rising mean temperatures

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

An increase in average temperatures especially in summer may result increasing power consumption due to increased use of air conditioners in the buildings.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Low

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)

1,200,000

Explanation of financial impact figure

Due to the uncertainties involved in estimating the impacts of climate change on increased avarage temperatures, thus on power consumption of air conditioners, it is not possible to make estimates regarding financial implications on Vakıfbank. The proportion of our profit ratio to our assets is 1.2%, we estimated a range of 0-1,200,000 USD loss regarding EBRD's TurAFF (Turkish Agricultural Financing Facility) funds.

Management method

Vakıfbank monitors energy consumption of each branch office. Any increase in electricity consumption is traced. Branches with high electricity intensity is examined for possible energy savings.

Cost of management

0

Comment

There is no direct cost of integrating the climate change associated risks into existing risk management procedures.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Extreme weather events, including wind storms, hail storms, floods, etc., could have additional maintenance and insurance costs for all sectors. Vakıfbank has 28 HQ Buildings, 959 branches and 4,169 ATMs as of the end of 2018. Therefore, they are open to detrimental effects of physical risks of Climate Change.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,557,495,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Vakıfbank has 2 HQ Buildings, 959 branches and 4,169 ATMs as of the end of 2018. Total value of tangible assets of Vakıfbank is 2,557,495,000 as of end of 2018. The possible maximum negative physical financial implication could lead to this extent, but the possibility for this amount of financial impact is extremely low. For the potential financial impact, we took a reasonable proportion of these assets.

Management method

Including physical Climate Change risks such as change in precipitation extremes are managed with the departments in Sustainability Working Group. EMS informs and trains the relevant departments about the detrimental effects of climate change. Constructional Works Department cares these risks and takes necessary measures when renting/buying, moving or renovating a new premise for Vakıfbank. As an action Vakıfbank insures its physical assets and this insurance also includes the effects of Climate Change. In 2018, 28 cases are reported about natural disasters. 9 of which is covered by the insurance and 164,880 TL is paid to Vakıfbank to compensate the damage.

Cost of management

578,852.17

Comment

Budget of EMS and the uncovered part of the physical damages by insurance company are of the cost of management. The total budget of EMS including employee fees and consultancy services provided are 561,714 TL for 2018 and the uncovered part of the cost of the physical damages at Vakıfbank buildings is 17,138.71 TL.

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact

Other, please specify

Reduced stock price (market valuation)

Company- specific description

Vakıfbank is a public company and quote to Borsa Istanbul. Vakıfbank is a public company and quoted to Borsa Istanbul. Furthermore, Vakıfbank is qualified to be in BIST Sustainability Index by meeting the sustainability criteria of BIST SI. Vakıfbank has been one of the first four banks that satisfied the Sustainability Criteria developed for the Sustainability index. Leading role of Vakıfbank in sustainable finance in Turkey. Vakıfbank's reputation, brand and market value could be affected negatively due to climate change risks.

Time horizon

Current

Likelihood

More likely than not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

975,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The market value of Vakıfbank as of end of 2018 is 9,750,000,000 TL. Therefore, if we assume that there will be a 10% decrease in Vakıfbank's market value due to a climate change oriented reputational risk, then its negative financial impact will be 975,000,000 TL.

Management method

'Corporate Governance Committee' coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by Sustainability Sub-committee'"Sustainability Working Group'. Corporate Governance Committee, with the support of Environmental Management Service, is responsible from identifying the risks and opportunities that might result from climate change. Environmental Management Service has the coordinating role among all departments in identifying and communicating the risks and opportunities due to Climate Change (Investor Relations, Corporate Communication, etc.). The risks and opportunities are then communicated to the Risk Management Department under the Board of Directors for further assessment and prioritization.

Cost of management

561,714

Comment

The unit of Vakıfbank, whose prior focus is climate change effects, is Environmental Management Service. As the cost of management; the budget of EMS including employee fees and consultancy services provided are 561,714 TL.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

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

Company-specific description

Within the framework of approximation to EU Aquis, Turkey is expected to integrate to European Emission Trading Scheme, thus to the cap and trade system. During this process, several Turkish industrial sectors may have reduce their emissions through low carbon technology investments or through offsetting their GHG emissions, in order to keep their emissions under the allowed threshold levels. While ETS would not apply directly Vakıfbank, it may bring opportunities by accelerating the demand for renewable energy and energy-efficiency projects, which the company can finance.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Vakıfbank is one of the first banks in Turkey through which WB, EBRD and IFC provide loans to energy efficiency and renewable energy projects under Clean Technology Fund (CTF). Turkish Undersecretariat of Treasury provides assurance for Vakıfbank for the management of CTF. Turkey worked closely with the EBRD, members of the World Bank Group (IBRD, IFC), to design an investment plan that taps USD 250 Million from the Clean Technology Fund (CTF) high-impact energy sector projects. CTF financing is expected to leverage an additional USD

2.25 billion for investments in energy efficiency, renewable energy, and smart grid upgrades to facilitate greater integration of renewable energy. GHG emissions savings and reductions for CTF financed projects are estimated at 87 MtCO2e.

Strategy to realize opportunity

"Sustainability Committee" (which is named as 'Corporate Governance Committee' this year) coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by Sustainability Sub-committee"(which is named as 'Sustainability Working Group' this year). Corporate Governance Committee, with the support of Environmental Management Service, is responsible from identifying the risks and opportunities that might result from climate change. Environmental Management Service has the coordinating role among all departments in identifying and communicating the risks and opportunities due to Climate Change. The risks and opportunities are then communicated to the Risk Management Department under the Board of Directors for further assessment and prioritization. Therefore, cap and trade schemes, its risks & opportunities, and impacts are all assessed by Vakıfbank. Vakıfbank established the Environmental Management Service to evaluate such topics in detail and to determine its responses. On the other hand, Vakıfbank conducts business with international organisations such as EBRD, IFC, WB, etc. Therefore, Vakıfbank has sufficient infrastructure and experience to develop or involve in such formations, if necessary.

Cost to realize opportunity

561,714

Comment

Since there are no cap and trade schemes in Turkey at the moment, the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 9 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are 561,714 TL in total for 2018.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Other

Type of financial impact

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

Company-specific description

After COP meetings in Paris, a consensus provided to limit the global warming under 2 Celcius, if possible 1.5 Celcius. Countries committed decrease their environmental footprint, mitigate the effects of Climate Change and adapt to Climate Change. This creates a big low carbon economy. Turkey also make national emission reduction commitments. Such a commitment will eventually be reflected as sectoral emission reduction target to be enforced with a cap system for each industrial installation. During this process, several Turkish industrial sectors may have to reduce their emissions through low carbon technology investments or through offsetting their GHG emissions, in order to keep their emissions under the allowed threshold levels. This may bring opportunities for sustainable finance by accelerating the demand for renewable energy and energy-efficiency projects, which the company can finance.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,472,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

According to agreement, for low carbon economy '100 Billion USD' fund will be created in the world. Vakıfbank is providing international funds developed on this purpose to Turkey with its accumulated experience and will be green financing more. This will have a positive financial impact. Vakıfbank is one of the first banks in Turkey through which WB, EBRD and IFC provide loans to energy efficiency and renewable energy projects under Clean Technology Fund (CTF).

International funds currently in use by Vakıfbank are as follows:
From EBRD; Turkey Sustainable Energy Finance Fund (TurSEFF II) 55 million Euro, (TurSEFF III) 55 million Euro, Agro funding 25 million Euro,
From EIB; Municipal Loan 100 million Euro,
From AFD; 80 million euro.

Consequently, 315 million euro fund currently used by Vakıfbank, which is equal to (1,472 million TL).

Strategy to realize opportunity

Vakıfbank had realized that Climate Change (CC) is a reality and to create and/or involve in CC mitigation and adaptation is a necessity. Besides, developing green finance in Turkey was a motivation for our strategies. Furthermore, make the society utilize them. In Vakıfbank, Board of Directors is the main and the highest-level responsible of the overall performance of the Bank. Nonetheless, the main responsibility of the Sustainability, including climate change, is on the Corporate Governance Committee. It directly reports to Board of Directors. To steer the strategies; stakeholder expectations & material issues analysis are performed periodically from various channels. One of the main channels is the one we performed during our Sustainability Reporting process annually. Findings are evaluated mainly by the Investor Relations, Environmental Management Services and Risk Department to determine the opportunities & risks and update the strategies. Besides, relevant core business units (Credits, SME Banking, International Banking, etc.) consider the possible risks & opportunities on Climate Change. Then,

risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. On the other hand; inspectors also examine the process periodically.

Cost to realize opportunity

561,714

Comment

Vakıfbank is already providing sustainable finance to its customers. The Environmental Management Service has a quite important role on monitoring and catching these opportunities, therefore we could consider that the management cost is the cost of Environmental Management Service (EMS) for Vakıfbank. EMS is a team of 9 full-time employees focuses on environmental management of Vakıfbank. EMS conducts its duties by its own or utilizes consultancy services on purpose when necessary. Personnel fees of EMS and the budget of consultancy services provided to EMS are 561,714 TL in total for 2018.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Markets

Primary climate-related opportunity driver

Other

Type of financial impact

Other, please specify

Increase in Market Value

Company-specific description

Vakıfbank is a public company and quote to Borsa Istanbul. Vakıfbank is a public company and quoted to Borsa Istanbul. Furthermore, Vakıfbank is qualified to be in BIST Sustainability Index by meeting the sustainability criteria of BIST SI. Vakıfbank has been one of the first four banks that satisfied the Sustainability Criteria developed for the Sustainability index. Leading role of Vakıfbank in sustainable finance in Turkey. Vakıfbank's reputation, brand and market value could be affected positively due to climate change opportunities.

Time horizon

Current

Likelihood

More likely than not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

975,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The market value of Vakıfbank as of end of 2018 is 9,750,000,000 TL. Therefore, if we assume that there will be a 10% decrease in Vakıfbank's market value due to a climate change oriented reputational risk, then its negative financial impact will be 975,000,000 TL.

Strategy to realize opportunity

'Corporate Governance Committee' which is directly reporting to Board of Directors coordinates all efforts of sustainability, which include determining the overall sustainability strategy, management and supervision of sustainability projects that are developed and implemented by

'Sustainability Working Group'. Corporate Governance Committee, with the support of Environmental Management Service, is responsible from identifying the risks and opportunities that might result from climate change. Environmental Management Service has the coordinating role among all departments in identifying and communicating the risks and opportunities due to Climate Change (Investor Relations, Corporate Communication, etc.). The risks and opportunities are then communicated to the Risk Management Department under the Board of Directors for further assessment and prioritization. The unit of Vakıfbank, whose prior focus is climate change effects, is Environmental Management Service. As the cost of management; the budget of EMS including employee fees and consultancy services provided are 561,714 TL.

Cost to realize opportunity

561,714

Comment

Vakıfbank puts effort to maximize its market value.

C2.5

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

	Impact	Description
Products and services	Impacted	Vakıfbank is one of the leading Turkish banks promoting low carbon economy. The Bank is enlarge its green economy products and portfolio. It will raise the funds, provided from international organizations and responsible investment funds. International banking is in effort to obtain new syndication (securization) credits and/or international funds for low carbon finance. Vakıfbank is promoting its low carbon products and its products that decreases third parties' carbon footprint like credits provided and mobile banking. The magnitude of the impact is moderate.
Supply chain and/or value chain	Impacted	Vakıfbank purchases 100% renewable electric energy where possible. In addition to its HQ buildings, Vakıfbank has 959 branches and 4,169 ATMs all over Turkey. Vakıfbank consumed 67,448.84 MWh renewable electric energy with Private Purchasing Aggreement (PPA) from Bereket Energy, it is an important support to a renewable energy generation company. The magnitude of the impact is low.

Adaptation and mitigation activities	Impacted	Vakıfbank established in-house Environmental Management Services unit under Administrative Affairs to conduct climate change related issues. Vakıfbank is also considering physical climate risks effects in new branch location selection. Additionally, for existing branches, the Bank will be putting effort by its constructional works unit to minimize the potential physical effects of climate change. The magnitude of the impact is moderate.
Investment in R&D	Impacted	Vakıfbank invests in its RD activities to develop and improve products that decreases third parties' carbon footprint like mobile and internet banking. The magnitude of the impact is high.
Operations	Impacted	Vakıfbank will be considering physical climate risks effects in new branch location selection. Additionally, for existing branches, the Bank will be putting effort by its constructional works unit to minimize the potential physical effects of climate change. Vakıfbank established ISO 14001 Environmental Management System including its HQ buildings and branches as well. In addition to that, with the efforts of Env. Man. Serv. , Vakıfbank saves natural resources and money about its energy needs. The magnitude of the impact is high.
Other, please specify	Impacted	As being one of the leading banks in climate change management in Turkey, Vakıfbank's reputation and market value is positively affected. The magnitude of the impact is high.

C2.6

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

	Relevance	Description
Revenues	Impacted	Vakıfbank gains high revenues from the funds received by international banking activities. The magnitude of the impact is high.
Operating costs	Impacted	Operating costs for Vakıfbank could be impacted with the cost of management of climate change management efforts in a very small scale negatively, but with the savings gained by management of these issues will be much higher. Energy savings is much higher than these expenditures, therefore operating costs will lower down. Personnel fees of EMS and

		the budget of consultancy services provided to EMS are 561,714 TL in total for 2018. The magnitude of the impact is moderate.
Capital expenditures / capital allocation	Impacted	In sum capital expenditures of Vakıfbank is positively affected due to its climate change related focus and activities. The main reason is Vakıfbank main capital expenditure is the interest paid for the capital. With the help of its efforts, by international banking activities Vakıfbank receives capital by low interest from international and green funds. This activity considerably decreases capital expenditures. Capital expenditures of Vakıfbank could be impacted with the cost of management of climate change management efforts in a very small scale negatively, but with the savings gained by management of these issues will be much higher. Energy savings is much higher than these expenditures, therefore operating costs will lower down. Personnel fees of EMS and the budget of consultancy services provided to EMS are 561,714 TL in total for 2018.
Acquisitions and divestments	Not impacted	We did not make any acquisitions and divestments. No impact.
Access to capital	Impacted	Vakıfbank acessed intenational funds with the help its focus on climate related activities. International funds currently in use by Vakıfbank are as follows: - From EBRD; Turkey Sustainable Energy Finance Fund (TurSEFF II) 55 million Euro, (TurSEFF III) 55 million Euro, Agro funding 25 million Euro, - From EIB; Municipal Loan 100 million Euro, - From AFD; 80 million euro. The magnitude of the impact is high.
Assets	Impacted	Funds received with the help of Vakıfbank's focus on climate change increased its assets. International funds currently in use by Vakıfbank are as follows: - From EBRD; Turkey Sustainable Energy Finance Fund (TurSEFF II) 55 million Euro, (TurSEFF III) 55 million Euro, Agro funding 25 million Euro, - From EIB; Municipal Loan 100 million Euro, - From AFD; 80 million euro. The magnitude of the impact is high.

Liabilities	Impacted	Expenditures to mange climate change risks and opportunities increased Vakıfbank's liabilities in a very small scale. Personnel fees of EMS and the budget of consultancy services provided to EMS are 561,714 TL in total for 2018. The magnitude of the impact is low.
Other	Impacted	The market value of Vakıfbank as of end of 2018 is 9,750,000,000 TL. Therefore, if we assume that there will be a 10% increase or decrease in Vakıfbank's market value due to a climate change oriented reputational risks, then its positive or negative financial impact will be 975,000,000 TL.

C3. Business Strategy

C3.1

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

Yes

C3.1a

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

Yes, qualitative and quantitative

C3.1c

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

As we are a bank; risk management is an important phenomenon for us and it has vital importance for a bank to operate successfully. Because, basically, interest rate is determined according to risk.

In Vakıfbank, Board of Directors is the main and the highest-level responsible of the overall performance of the Bank. Nonetheless, the main responsibility of the Sustainability, including climate change, is on the Corporate Governance Committee. It directly reports to Board of Directors. To steer the strategies; stakeholder expectations & materiality issues analysis are performed periodically from various channels. One of the main channels is the one we performed during our Sustainability Reporting process annually. Findings are evaluated mainly by the Investor Relations,

Environmental Management Services and Risk Department to determine the opportunities & risks and update the strategies. Besides, relevant core business units (Credits, SME Banking, International Banking, etc.) consider the possible risks & opportunities on Climate Change. Then, risks are categorized and if necessary; monitored or elevated to Committee and/or actions are taken. On the other hand; inspectors also examine the process periodically.
As an example, for how our business strategy is influenced is our green financing, such as renewable energy power plants financing, energy efficiency (EE) loans, renewable energy loans, etc. In line with our business strategy Vakıfbank became one of the pioneering banks in Turkey for green finance. Vakıfbank is one of the first banks in Turkey through which WB, EBRD and IFC provide loans to EE and renewable energy projects under Clean Technology Fund (CTF). In EE, renewable energy, and smart grid upgrades to facilitate greater integration of renewable energy. GHG emissions savings and reductions for CTF financed projects are estimated at 87 MtCO2e. SMEs benefited approximately USD 12.2 Million form WB loans through Vakıfbank for projects that cost USD 15.5 Million in total until last year.
Besides, Vakıfbank established IFC Social and Environmental Management System (SEMS) within the frame of our IFC credit commitments, EBRD and TurSEFF & MidSEFF systems.
In addition to that, Vakıfbank is among the 4 Partner Banks through which TurSEFF provide loans to SMEs in Turkey. Turkey Private Sector Sustainable Energy Finance Facility (TurSEFF) is a framework operation with up to USD 265 million under which credit lines is provided by EBRD to eligible commercial banks for on-lending to private sector borrowers for EE and RE investments. Vakıfbank provided 30.7 Million EUR Loan for EE & RE projects which has total investment cost of 41.5 Million EUR, under TurSEFF last year. The projects will save an estimated 40.000 tCO2e/yr. Moreover, Vakıfbank added Hydro, Wind and Geothermal Power Plants with installed capacity of 868.70 MWh to its loan portfolio this year.
Vakıfbank's efforts on sustainable finance gave prudent results. Vakıfbank, with its efforts in the 2nd phase of Turkish Sustainable Energy Finance Fund (TurSEFF), deemed worthy to receive the "Leading Bank in Energy Efficiency Finance" in 'TurSEFF Award of Excellence' by EBRD (European Bank for Reconstruction & Development).

Vakıfbank gained strategic advantage over its competitors by financing 40% of all projects, which is 346 projects of 868 projects, and financed 122 Million EUR until 2010. By this amount, achieved to finance 27% of the overall budget of TurSEFF by its own.
Vakıfbank is a public bank and therefore it is sensitive to develop business lines which is in favor of Turkey and to make the whole society (all economic level from all around Turkey) benefit from them. Vakıfbank had realized that Climate Change (CC) is a reality and to create and/or involve in CC mitigation & adaptation is a necessity. Besides, developing green finance in Turkey was a motivation for our strategies. Furthermore, make the society utilize them.
Therefore; Vakıfbank suppports and encourages its stakeholders & clients for their sustainable energy projects and investments, regardless of the size of the investment. According to Vakıfbank's credit policy, eco-friendly projects has priority for financing. Besides, the loan programmes originating from international banks, Vakifbank provides financial incentives to individuals, SMEs and project owners to support their sustainability projects. Some

examples of outcomes of our strategies are; Environmental Technologies Loan Package, Environmental Technologies Loan Package, Environmental Friendly SMEs Loan Programme, Environmental Friendly Tourism Loan Programme.
- Environmental Technologies Loan Package: The Loan Programme provides low interest loans (compared to regular commercial loan interest rates) for EE technology purchases for businesses.
-Environmental Friendly Vehicles Credits: VakıfBank provides low interest rated loans for low carbon vehicle purchases.
-Environmental Friendly SMEs Loan Programme: VakıfBank provides low interest rated credits for SMEs, to improve their environmental performance including EE, water efficiency, etc. The programme's interest rates are 5% lower interest rate than usual SME credit loan programmes, with pay back periods up to 60 months. For each 5,000TL credit given, Vakıfbank finances the "Environmental Account" of Ministry of Environment & Urbanization with an equal amount of cost of an EE light bulb.
-Environmental Friendly Tourism Loan Programme: VakıfBank provides low interest rated credits for tourism sector, which would like to improve their environmental performance. The programme's interest rates are 5% lower than usual tourism sector loan programmes, with pay back periods up to 36 months. For each 5,000TL credit given, Vakıfbank finances the "Environmental Account" with an equal amount of cost of an EE light bulb.
In the long term, in parallel to its strategies, Vakıfbank will be keeping green financing and providing international funds developed on this purpose to Turkey with its accumulated experience. As an example, Vakıfbank became the first bank announced its participation to Phase III of TurSEFF. As a target, Vakıfbank committed to keep its leading position in TurSEFF. In addition, Vakıfbank is supporting the establishment of cap & trade schemes in Turkey.
As another target, Vakıfbank committed to decrease its direct emissions every year by 2% by intensity. ISO 14001 Management Systems are decided to be established in 2015. Certificates for 280 branches at the first are received in 2018. To manage Climate Change, Vakıfbank established Environmental Management Services unit with a team of 9 full-time employees. Vakıfbank puts importance on capacity development of its employees about sustainability. Employee trainings have reached to 987,688 person-hours, which we believe vital for creating behavioral change for emission reduction activities, risk man. and product development to mitigate the effects of CC.

C3.1d

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

Climate-related scenarios	Details
Nationally determined contributions (NDCs)	Vakıfbank is focusing on Environmental Management and green finance activities for many years. As a public bank actively putting effort to foster green finance in Turkey. Vakıfbank analysis senarios about the green economy

	market in Turkey. Also, follows up the improvements about cap and trade schemes. Turkey declared its NDC plan and stated that it will be decreasing its GHG emissions by 21%. On the other hand, Ministry of Environment is gathering data about he GHG emissions of industry. Therefore, we are also eager to contribute to Turkey's transition to low Carbon economy therefore we are analysing the outcomes and impacts of our potential emission reduction actions/activities and its contribution to our goals on emission reduction.

C4. Targets and performance

C4.1

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

Both absolute and intensity targets

C4.1a

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

Target reference number

Abs 2

Scope

Scope 2 (location-based)

% emissions in Scope

42

Targeted % reduction from base year

5

Base year

2017

Start year

2017

Base year emissions covered by target (metric tons CO2e)

1,548

Target year

2018

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

100

Target status

Achieved

Please explain

We care the environment and put effort to reduce our environmental footprint. Inline with our vision, we aim to maximize the renewable electricity energy consumption Therefore, we are switching our ATMs to renewable energy producer as much as possible in the limits of regulation. With this effort and emission reduction activities we aimed to reduce our location based Scope 2 emissions for ATMs by 5%. It means 77.4 tCO2e reduction in ATM emissions. We overachieved our target by decreasing our emissions by 13% with 1,346 tCO2e emission value in Scope 2.

Target reference number

Abs 3

Scope

Scope 2 (location-based)

% emissions in Scope

100

Targeted % reduction from base year

2

Base year

2017

Start year

2017

Base year emissions covered by target (metric tons CO2e)

3,804

Target year

2018

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

100

Target status

Achieved

Please explain

We care the environment and put effort to reduce our environmental footprint. Inline with our vision, we aim to maximize the renewable electricity energy consumption Therefore, we are switching our branches and ATMs to renewable energy producer as much as possible in the limits of regulation (According to regulation; only the customers consuming electricity over a certain amount are allowed to switch to private electricity suppliers.) With this effort and emission reduction activities we aim to reduce our location-based Scope 2 emissions by 2%. It means 76 tCO2e reduction in Scope 2 emissions. We overachieved our target by decreasing our emissions by 5% with 3,613 tCO2e emission value in Scope 2.

Target reference number

Abs 4

Scope

Scope 2 (location-based)

% emissions in Scope

37

Targeted % reduction from base year

2

Base year

2018

Start year

2018

Base year emissions covered by target (metric tons CO2e)

1,346.45

Target year

2019

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

0

Target status

New

Please explain

We care the environment and put effort to reduce our environmental footprint. Inline with our vision, we aim to maximize the renewable electricity energy consumption Therefore, we are switching our ATMs to renewable energy producer as much as possible in the limits of regulation. With this effort and emission reduction activities we aimed to reduce our location based Scope 2 emissions for ATMs by 2%. It means 26.93 tCO2e reduction in ATM emissions.

C4.1b

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

Target reference number

Int 4

Scope

Scope 1

% emissions in Scope

35

Targeted % reduction from base year

2

Metric

Metric tons CO2e per square meter*

Base year

2017

Start year

2017

Normalized base year emissions covered by target (metric tons CO2e)

1.2368

Target year

2018

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

100

Target status

Achieved

Please explain

Vakıfbank has annual target of 2% emission reduction per each Turkish Liras earned as profit for its most consumed and common heating fuel, which is natural gas. The target includes buildings heated with natural gas. This goal is planned to be achieved through continuous emission reduction, energy efficiency projects and behavioral change . The target is to reduce the intensity figure from 1.2368 tCO2e/TL to 1.2120 tCO2e/TL, which is 2%. We over achieved our target and reduce the intensity figure from 1.2368 tCO2e/m2 to 0.9252 tCO2e/m2, which is 49%.

% change anticipated in absolute Scope 1+2 emissions

0.55

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 5

Scope

Scope 2 (location-based)

% emissions in Scope

100

Targeted % reduction from base year

2

Metric

Metric tons CO2e per square meter*

Base year

2017

Start year

2017

Normalized base year emissions covered by target (metric tons CO2e)

0.0082

Target year

2018

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

100

Target status

Achieved

Please explain

Vakıfbank set annual target of 2% emission reduction from electricity use per each square meter of branch offices. The target was set in 2014 and annually ongoing. This goal is planned to be achieved through continuous emission efficiency projects in branch offices. On the other hand, we are eager to consume renewable energy as much as possible. Therefore, we are switching our branches and ATMs from grid to renewable energy producer. In addition to them, we are raising the awareness for behavioral change. The target is to reduce the intensity figure from 0.00816 tCO2e/m2 to 0.00807 tCO2e/m2, which is 2%. In 2018, we reached 0.007897 tCO2e/m2 intensity figure. Our target is achieved.

% change anticipated in absolute Scope 1+2 emissions

0.46

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 6

Scope

Scope 2 (location-based)

% emissions in Scope

42

Targeted % reduction from base year

4

Metric

Other, please specify

Metric tonnes CO2e per ATM

Base year

2017

Start year

2017

Normalized base year emissions covered by target (metric tons CO2e)

0.0082

Target year

2018

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

100

Target status

Achieved

Please explain

Vakıfbank has a target of improving energy and emission efficiency of its ATMs continuously. Old and inefficient ATMs have been changed with electricity and emission efficient ones. On the other hand, we are eager to consume renewable energy as much as possible. Therefore, we are

switching our ATMs from grid to renewable energy producer. We aim to reduce the Scope 2 emissions per ATM by 4%, which means 62 tCO2e reduction in absolute emissions. The target is to reduce the intensity figure from 0.3832 tCO2e/ATM to 0.3678 tCO2e/ATM, which is 4%. In 2018, we reached 0.3230 tCO2e/ATM intensity figure by achieving 15.7% decrease in Scope 2 emissions per ATM.

% change anticipated in absolute Scope 1+2 emissions

0.34

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 7

Scope

Scope 2 (location-based)

% emissions in Scope

100

Targeted % reduction from base year

2

Metric

Metric tons CO2e per square meter*

Base year

2018

Start year

2018

Normalized base year emissions covered by target (metric tons CO2e)

0.00797

Target year

2019

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

% of target achieved

0

Target status

New

Please explain

Vakıfbank set annual target of 2% emission reduction from electricity use per each square meter of branch offices. The target was set in 2014 and annually ongoing. This goal is planned to be achieved through continuous emission efficiency projects in branch offices. Total surface area for branches is 453,645 m2. On the other hand, we are eager to consume renewable energy as much as possible. Therefore, we are switching our branches and ATMs from grid to renewable energy producer. In addition to them, we are raising the awareness for behavioral change. The target is to reduce the intensity figure from 0.00797 tCO2e/m2 to 0.00781 CO2e/m2, which is 2%.

% change anticipated in absolute Scope 1+2 emissions

0.46

% change anticipated in absolute Scope 3 emissions

0

C4.2

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

Target

Renewable electricity consumption

KPI – Metric numerator

Number of ATMs consuming renewable electricity. We pledged to minimizing our carbon footprint. Consequently, we are switching our branches and ATMs to renewable energy by PPAs.

KPI – Metric denominator (intensity targets only)

No denominators

Base year

2017

Start year

2017

Target year

2018

KPI in baseline year

830

KPI in target year

1,037

% achieved in reporting year

52

Target Status

Achieved

Please explain

We are eager to consume renewable energy as much as possible, Therefore, we are switching our branches and ATMs from grid to renewable energy producer. However, according to law in Turkey, subscribers only consuming over a certain amount of electricity could switch to private electricity producers from the grid. The target is to increase the number of ATMs consuming electricity generated from 100% renewable energy by 25%. We achieved 13% increase in the number of ATMs consuming electricity generated from 100% renewable energy.

Part of emissions target

It is part of Scope 2 emissions. It is part of the Vakıfbank's sustainability vision and its renewable energy consumption policy. Also, it is part of the emission reduction activities and target.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

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	3	660
To be implemented*	0	0
Implementation commenced*	2	986
Implemented*	12	584.05

Not to be implemented	4	48

C4.3b

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

Initiative type

Low-carbon energy purchase

Description of initiative

Geothermal

Estimated annual CO2e savings (metric tonnes CO2e)

4,261.55

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

0

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

0

Payback period

<1 year

Estimated lifetime of the initiative

<1 year

Comment

Vakıfbank purchases 100% renewable electric energy where possible. In addition to its HQ buildings, Vakıfbank has 959 branches and 4.169 ATMs all over Turkey. Vakıfbank consumed 67,448.8 MWh renewable electric energy with Private Purchasing Aggreement (PPA) from Bereket Energy, it is an important support to a renewable energy generation company.

Initiative type

Energy efficiency: Building fabric

Description of initiative

Insulation

Estimated annual CO2e savings (metric tonnes CO2e)

584.05

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

4,100,000

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

12,500,000

Payback period

4 - 10 years

Estimated lifetime of the initiative

6-10 years

Comment

Environmental Management Service (EMS) developed the energy profile of each branch and delivered it to them with two main purpose.
1) Every branch of Vakıfbank is a profit center and energy / emission performance of a branch affects its profitability and bonus earned by that branch's employees. It could be the foundation for internal carbon price system as well.
2) To foster behavioral change. In addition to energy profile of the branch, the energy and emission saving guide internally developed by EMS steers, enlightens and engages the employees of Vakıfbank for emission reduction activities. Vakıfbank established ISO 14001 Environmental Management System to its 280 branches in 2018.

C4.3c

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

Method	Comment
Dedicated budget for energy efficiency	We put great importance and emphasis on Carbon Management and especially our Environmental Management Service, a team of 9 full-time employees, has a focused effort to decrease Vakıfbank's environmental footprint with the help of emission reduction activities. To modernize and/or move our branches our constructional works unit puts effort continuously. According to our experience and calculations 30% of constructional works unit's budget is used to increase the energy and emission efficiency. We also modernize our ATM inventory. These new ATMs consume less electricity than old ones.
Employee engagement	Environmental Management Service (EMS) developed the energy profile of each branch and delivered it to them to foster behavioral change about mitigating the effects of Climate Change. In addition to energy profile of the branch, the energy and emission saving guide internally developed by EMS steers, enlightens and engages the employees of Vakıfbank for emission reduction activities.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Vakıfbank provides banking services via alternative channels such as internet banking, mobile banking so that decreases the emissions of its customers. Therefore, we could call them our 'Low Carbon Products'. In 2018, approximately 2,098,092,142 transactions are done via Internet banking, mobile banking and call center which has a considerable proportion among overall transactions done in Vakıfbank.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

No current regulation in Turkey

% revenue from low carbon product(s) in the reporting year

29

Comment

The percentage of revenue gained from low carbon products is an estimation.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2016

Base year end

December 31, 2016

Base year emissions (metric tons CO2e)

12,422

Comment

Scope 1 emissions are sourced from combustion of fossil fuels for heating, generators, company cars and leakages from refrigerants.

Scope 2 (location-based)

Base year start

January 1, 2016

Base year end

December 31, 2016

Base year emissions (metric tons CO2e)

4,279

Comment

Scope 2 emissions are sourced from electricity energy purchased from the grid.

Scope 2 (market-based)

Base year start

January 1, 2016

Base year end

December 31, 2016

Base year emissions (metric tons CO2e)

0

Comment

Scope 2 emissions are sourced from electricity energy purchased by PPA from a producer totally generates electricity from renewable energy. Therefore the emission is zero.

C5.2

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

Defra Voluntary 2017 Reporting Guidelines
IPCC Guidelines for National Greenhouse Gas Inventories, 2006
ISO 14064-1
US EPA Climate Leaders: Direct Emissions from Mobile Combustion Sources

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

12,156.8

Start date

January 1, 2018

End date

December 31, 2018

Comment

Scope 1 emissions are arised from combustion of fossil fuels for heating, generators, company cars and leakages from HVAC/ air conditioning systems.

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

We put importance on decreasing our carbon footprint, therefore we have a bilateral agreement with a 100% renewable electricity producer named as 'Bereket Enerji'. We try to maximize our use of renewable energy as much as possible. We have the document about our use of renewable energy. Yet, we could not attach since there is not such an option this year. Please check the attached document at the "Signoff" part of this report, if necessary.

C6.3

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

Reporting year

Scope 2, location-based

3,613.87

Scope 2, market-based (if applicable)

3,613.87

Start date

January 1, 2018

End date

December 31, 2018

Comment

Location based Scope 2 emissions is the emission sourced from the electricity energy purchased from the grid. This year branches from 3 countries; Bahrain, Iraq and USA are included. Despite that fact; Scope 2 emission is decreased to 3,614 tCO2e. It was 3,803 tCO2e in base year (last year). Market-based Scope 2 emission is reported for the electricity procured from Bereket Enerji.
Since it is 100% renewable energy, the emission is reported as zero.

C6.4

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

No

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3,753.06

Emissions calculation methodology

Paper and water consumption are calculated under this section. For water consumption both tap water and bottled water is considered and ISO 14064-3 methodology is used. The emission factors for tap water and paper are gathered from Defra/DECC GHG reporting factors.

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

100

Explanation

Although we are a bank with a wide span of branch network all around Turkey, because we care about the environment, we monitor our paper use, tap water use and drinking water use. We decrease our emissions from 4,178.28 tCO2e to 3,787.10 tCO2e in 2018.

Capital goods

Evaluation status

Relevant, not yet calculated

Explanation

We are willing to enlarge the number of items included into our GHG Inventory, however there is insufficient infrastructure and data in Turkey to calculate these emissions. Besides, it needs extensive working hours to do so. Therefore, Scope 3 emissions sourced from upstream transportation and distribution are not calculated yet. We are willing to do so in the future.

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

Evaluation status

Relevant, not yet calculated

Explanation

Vakıfbank is a bank providing deposit banking services. Therefore, we are willing to enlarge the number of items included into our GHG Inventory. However, there is insufficient infrastructure and data in Turkey to calculate these emissions. Besides, it needs extensive working hours to do so. Therefore, Scope 3 emissions sourced from upstream transportation and distribution are not calculated yet. We are willing to do so in the future.

Upstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Explanation

We are willing to enlarge the number of items included into our GHG Inventory, however there is insufficient infrastructure and data in Turkey to calculate these emissions. Besides, it needs extensive working hours to do so. Therefore, Scope 3 emissions sourced from upstream transportation and distribution are not calculated yet. We are willing to do so in the future.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

8.87

Emissions calculation methodology

DEFRA methodology is used to calculate the GHG Inventory for waste paper disposal and waste oil.

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

100

Explanation

As we are a bank, the biggest amount of waste needs to be focused and treated is paper. We send waste papers to recycling processes to third parties. In addition to paper wastes, waste oil is formed from cantineries at the HQ buildings. It was 8.79 last year.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1,249.92

Emissions calculation methodology

After flight data are gathered and the distance of the each flight leg was determined, the corresponding conversion factors published by US EPA are used in the calculation. It is calculated with the appropriate emission factor based on the distance of the flight.

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

100

Explanation

Vakıfbank is a deposit bank with a wide span of branch network all around Turkey. The Bank has 959 branches and 28 Regional Directorate buildings in Turkey. Although, alternative channels such as videoconferencing and teleconferencing are applied to avoid emissions, business air travels are used for audit and business purposes. The emissions from business travels are increased with respect to last year.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

883.43

Emissions calculation methodology

To estimate the emissions from employee commuting, initially the total distance of each route is calculated. Then, the emission factor for appropriate vehicle is taken from Defra/DECC GHG reporting factors.

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

100

Explanation

Vakifbank provides employee commuting to its employees for their well-being and also to decrease the number of employees using their own cars for commuting. If employees use their own cars individually, then the carbon footprint could increase. This year, we managed to decrease our emissions from 1,101.89 to 883.43 tCO2e.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Explanation

We are deposit bank and we have no upstream leased assets. Therefore, there is no emissions in Scope 3 resulted from the upstream leased assets.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

34.04

Emissions calculation methodology

Postage(Corruer) emission per delivery is taken from “The Facts of Our Value Chain” report of European Mail Industry Platform.

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

100

Explanation

As we are a bank, our relevant downstream transportation and distribution is resulted from the mailing (courier/cargo) activity. Therefore we calculated the emissions released by that activity. Postage emission per delivery is taken from “The Facts of Our Value Chain” report of European Mail Industry Platform. We decreased by almost 9.4% compare to the last reporting year (9.43 tCO2e).

Processing of sold products

Evaluation status

Not relevant, explanation provided

Explanation

We are deposit bank and we provide services. There is no processing for our sold products, and relevant emissions.

Use of sold products

Evaluation status

Not relevant, explanation provided

Explanation

We are deposit bank and there is no use of our sold products, and relevant emissions.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Explanation

Vakıfbank provides banking services, therefore the end of life treatment of our sold products is not relevant and no relevant emissions.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Explanation

We are deposit bank and we have no downstream leased assets. There is no emissions in Scope 3 emissions resulted from the downstream leased assets.

Franchises

Evaluation status

Not relevant, explanation provided

Explanation

We are a deposit bank and we have no franchises.

Investments

Evaluation status

Relevant, not yet calculated

Explanation

We are willing to enlarge the number of items included into our GHG Inventory, however there is insufficient infrastructure and data in Turkey to calculate these emissions. Besides, it needs extensive working hours to do so. Therefore, Scope 3 emissions sourced from our investments are not calculated yet. We are willing to do so in the future.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Explanation

We have no other upstream GHG emission sources.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Explanation

We have no other downstream GHG emission sources.

C6.7

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

No

C6.10

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

Intensity figure

0.000003796

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

15,769.8

Metric denominator

unit total revenue

Metric denominator: Unit total

4,154,332,000

Scope 2 figure used

Location-based

% change from previous year

15.82

Direction of change

Decreased

Reason for change

Net sales revenue in TRY for Turkey is considered as total revenue. Our 2017 intensity figure per unit revenue in TRY, for Turkey, was 0.000004510 tons CO2e/TRY. The intensity figure decreased by 15,82%.

Intensity figure

0.9405

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

15,769.8

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

16,097

Scope 2 figure used

Location-based

% change from previous year

9.8

Direction of change

Decreased

Reason for change

In 2017, our intensity figure was 1.043 tCO2e/FTE per full time equivalent employee. We achieved 9.8% reduction in our intensity figure this year.

C7. Emissions breakdowns

C7.1

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

Yes

C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	11,457.27	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	12.91	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	102.07	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify R22	142.91	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify R407C	3.1	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify	437.19	IPCC Fifth Assessment Report (AR5 – 100 year)

R410A		

C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
Turkey [1]	12,156.8

[1] All operations and Scope 1 emissions are assumed to belong to Turkey. There is no break down by country or region in Scope 1 emissions reported.

C7.3

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

By activity

C7.3c

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

Activity	Scope 1 emissions (metric tons CO2e)
Fuel Combustion (for Generators)	140.4
Heating	4,147.29
Fugitive gas (from Fire extinguishers)	6.39
Fugitive gas from AC	583.2
Company Cars	7,279.52

C7.5

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Iraq	105.52	105.52	99.58	99.58
Bahrain	24.88	24.88	35.28	35.28
United States of America	82.15	82.15	191.84	191.84
Turkey	3,401.32	3,401.32	7,536.72	7,536.72

C7.6

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

By facility

C7.6b

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

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Electricity use in HQ Buildings and Branches	2,054.87	2,054.87
Electricity use of ATMs	1,346.45	1,346.45
International Branches	212.55	212.55

C7.9

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

Decreased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	603	Decreased	3.8	Our grid electricity energy consumption decreased from 8,401,882 kWh to 7,536,717 kWh. The difference is 865,165 kWh. While we are calculating emissions from renewable energy, we took the emission factor as zero. Therefore, 603 tCO2e reduction is realized by this way.
Other emissions reduction activities	584.05	Decreased	3.7	By our emission reduction activities 584.05 tCO2e of emissions is decreased.
Divestment	0	No change	0	We assume no divestment is done.
Acquisitions	0	No change	0	No acquisitions took place during reporting process.
Mergers	0	No change	0	No mergers took place during reporting process
Change in output	0	No change	0	We are working in banking industry so that we could assume that there is no effect of change in output
Change in methodology	77.63	Increased	0.5	The increase in emissions due to the change in electricity conversion factor between 2017 and 2018.

Change in boundary	89.85	Increased	0.6	We increased our number of ATM consuming electricity from grid as well as the number of HQ and Sales Offices.
Change in physical operating conditions	0	No change	0	There is no physical operating condition impact identified on emissions change.
Unidentified	0	No change	0	There is no unidentified factors in change.
Other	0	No change	0	There is no other factor in change.

C7.9b

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

Location-based

C8. Energy

C8.1

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

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

C8.2

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

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes

Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	55,356.54	55,356.54
Consumption of purchased or acquired electricity		67,448.84	7,863.43	75,312.26
Total energy consumption		67,448.84	55,356.54	122,805.37

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	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

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

Fuels (excluding feedstocks)

Coal

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

185.13

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

Coal consumption is significantly decreased with respect to last year (443.71 MWh in 2017).

Fuels (excluding feedstocks)

Fuel Oil Number 4

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

31.18

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

The Fuel Oil Number 4 consumption is significantly decreased with respect to last year (68.35 MWh in 2017).

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

27,468.11

MWh fuel consumed for self-generation of electricity

524.59

MWh fuel consumed for self-generation of heat

0

Comment

The highest portion in the diesel consumption is due to the fuel need of company cars (26,618.08 MWh).

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

19,012.14

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

The natural gas consumption is significantly decreased with respect to last year (22,654.45 MWh in 2017).

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

271.75

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

The gasoline consumption is significantly decreased with respect to last year (696.02 MWh in 2017).

C8.2d

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

Coal

Emission factor

101.43

Unit

kg CO2e per GJ

Emission factor source

IPCC AR100 Table 2.2

Comment

Em. Factors (kg/TJ) CO2 CH4 N2O CO2e Coal 101000 1 1,5 101425,5 IPCC Table 2.2

Diesel

Emission factor

75.24

Unit

kg CO2e per GJ

Emission factor source

2006 IPCC Guidelines for National Greenhouse Gas Inventories - Table 2.2 (stationary), Tables 3.2.1 and Table 3.2.1 (mobile)

Comment

Diesel for mobile combustion

Fuel Oil Number 4

Emission factor

77.64

Unit

kg CO2e per GJ

Emission factor source

IPCC Table 2.1

Comment

-

Motor Gasoline

Emission factor

70.92

Unit

kg CO2e per GJ

Emission factor source

IPCC Tables 3.2.1 and Table 3.2.2

Comment

-

Natural Gas

Emission factor

56.16

Unit

kg CO2e per GJ

Emission factor source

2006 IPCC Guidelines for National Greenhouse Gas Inventories - Table 2.2

Comment

-

C8.2f

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

Basis for applying a low-carbon emission factor

Power Purchase Agreement (PPA) with energy attribute certificates

Low-carbon technology type

Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

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

67,448.84

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

0

Comment

Scope 2 market-based emission is reported for the electricity procured from Bereket Enerji. Since it is 100% renewable energy, the emission is reported as zero.

C9. Additional metrics

C9.1

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

Description

Energy usage

Metric value

7.32

Metric numerator

Energy Use MWh

Metric denominator (intensity metric only)

Full Time Equivalent Employee (FTE)

% change from previous year

1.82

Direction of change

Decreased

Please explain

Vakıfbank reports 16,767 Full Time Equivalent employee in 2018. The total energy use for 2018 is reported as 122,805.37 MWh. The relevant intensity is 7.32 FTE/MWh.

Description

Energy usage

Metric value

0.2

Metric numerator

Energy use in MWh

Metric denominator (intensity metric only)

Total surface area of Vakıfbank premises in m2

% change from previous year

5.4

Direction of change

Increased

Please explain

The total energy use for 2018 is reported as 122,805.37 MWh. The total surface area of Vakıfbank premises, including HQ and branches, in m2 metric is 613,222 square meters for 2018.

Description

Energy usage

Metric value

0.72

Metric numerator

Energy Used by ATMs in MWh

Metric denominator (intensity metric only)

Number of ATMs

% change from previous year

2

Direction of change

Decreased

Please explain

In 2018, Number of ATMs is 4,169 and Energy used per ATM is 0.72 MWh / ATM. In 2019, we aim to reduce by 2%, which equals to 0.706 MWh / ATM in 1 years time.

Description

Energy usage

Metric value

4,426,313

Metric numerator

Assets in Turkish Liras

Metric denominator (intensity metric only)

Electricity Energy used in Turkey in MWh

% change from previous year

10.4

Direction of change

Increased

Please explain

Electricity Energy used in Vakıfbank in Turkey is 75,312.26 MWh and its assets are 331,355,641,000 TL. With 1 MWh energy used we generate 4,399,757 TL of asset in Vakıfbank in 2018. We increased it 10.4%

C10. Verification

C10.1

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

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

C10.1a

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

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

1

Türkiye Vakıflar Bankası-14064.pdf

Page/ section reference

2018 FY Vakifbank Verification Report for Sc1

Page 1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

1

Türkiye Vakıflar Bankası-14064.pdf

Page/ section reference

2018 FY Vakifbank Verification Report for Sc2

Page 1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

1

Page/ section reference

2018 FY Vakifbank Verification Report for Sc2

Page 1-2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope

Scope 3- all relevant categories

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

1

Türkiye Vakıflar Bankası-14064.pdf

Page/section reference

2018 FY Vakifbank Verification Report for Sc3

Page 4-5

Relevant standard

ISO14064-3

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
C6. Emissions data	Year on year change in emissions (Scope 1)	ISO-14064-3	Scope 1 emissions were verified by the same content last year, therefore year on year change can be assumed to be verified.
C6. Emissions data	Year on year change in emissions (Scope 2)	ISO-14064-3	Scope 1 emissions were verified by the same content last year, therefore year on year change can be assumed to be verified.

C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	ISO-14064-3	Scope 1 emissions were verified by the same content last year, therefore year on year change can be assumed to be verified.
C6. Emissions data	Year on year change in emissions (Scope 3)	ISO-14064-3	Scope 1 emissions were verified by the same content last year, therefore year on year change can be assumed to be verified.

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 in which you participate or anticipate participating?

We will set a carbon price in parallel to the establishment of a Carbon Market in Turkey.

C11.2

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

No

C11.3

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

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

C12. Engagement

C12.1

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

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

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

Type of engagement

Other, please specify

Active Engagement

Details of engagement

% of suppliers by number

1.5

% total procurement spend (direct and indirect)

0.6

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

We aim to decrease our carbon footprint and we are intensely using electricty energy.

Impact of engagement, including measures of success

Vakıfbank supplies 87.4% of its electricity from a producer that generates electricity from 100% renewable energy sources. Thus, the supply chain encourages the production and sale of renewable energy.

Comment

This way, Vakıfbank encourages its supply chain to produce and sell renewable electricity.

C12.1b

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

Type of engagement

Collaboration & innovation

Details of engagement

Other – please provide information in column 5

% of customers by number

20

% Scope 3 emissions as reported in C6.5

0

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

Sustainable products and services are among the key components of our sustainability approach. In the environmental and societal context, Vakıfbank makes its largest impact with the products and financing it provides. Within this approach, Vakıfbank is working to develop products that contribute to the environment by minimizing the effects of financing. Providing support for renewable energy, SMEs, women entrepreneurs,

and agricultural banking are among the areas that are embraced by the bank, in this context. Vakıfbank prioritizes eco-friendly, energy efficiency and renewable energy projects for project financing. With regards to the
financed project, the bank asks the project company for documents that should be provided for the environmental standards. • We do not finance investment projects, apart from weapons production projects that are subsidized or supported by the public. • In the project loans in which our bank provides co-financing with other banks, we carry out environmental and social impact assessment criteria along with the other banks participated in the syndication.

Impact of engagement, including measures of success

With the products that facilitate access to funding that supports renewable and energy efficiency projects, we strive to support SMEs that constitute one of the pillars of Turkey's economy. In this respect, the loans we provided to SMEs increased by 30% to TL 48,337 million and their share in total loans reached 26%. As the only public bank in the program, we have provided total financing of approximately € 150 million in the framework of industrial energy efficiency, renewable energy projects, the supplier and vendor loans. Since 2010, with the loans we delivered in the scope of TurSEFF and World Bank Energy Efficiency Loans, we provided 504,488 MWh of energy savings and 360,278 tons of greenhouse gas reductions annually

C12.1c

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

Vakıfbank is a public bank and therefore it is sensitive to develop business lines which is in favor of Turkey and to make the whole society (all economic level from all around Turkey) benefit from them. Vakıfbank had realized that Climate Change (CC) is a reality and to create and/or involve in CC mitigation & adaptation is a necessity. Besides, developing green finance in Turkey was a motivation for our strategies. Furthermore, make the society utilize them. As one of the biggest organizations of Turkey, we Vakıfbank could create a positive impact among its value chain. Please find our strategy and some examples of engagements with our customers, suppliers, employees.

Therefore; Vakıfbank suppports and encourages its stakeholders & clients for their sustainable energy projects and investments, regardless of the size of the investment. According to Vakıfbank 's credit policy, eco-friendly projects with the principle of sustainability are given priority for financing. Besides, the loan programmes originating from international banks, Vakifbank provides financial incentives to individuals, SMEs and project owners to support their sustainability projects.

VakÄ±fbank is among few Turkish banks which streamline international sustainable energy financing mechanisms to renewable energy & energy efficiency projects in Turkey. With its support to Sustainable Energy Financing, Sustainable Energy Finance Award of Excellence given by EBRD.Vakıfbank provided 30.7 Million EUR Loan for EE & RE projects which has total investment cost of 41.5 Million EUR, under TurSEFF last year. The projects will save an estimated 40.000 tCO2e/yr.

Vakıfbank is one of the first banks in Turkey through which WB, EBRD and IFC provide loans to energy efficiency and renewable energy projects under Clean Technology Fund (CTF). Turkish Undersecretariat of Treasury provides assurance for VakÄ±fbank for the management of CTF. Turkey worked closely with the EBRD, members of the World Bank Group (EIBRD, IFC), to design an investment plan that taps USD 250 Million from the Clean Technology Fund (CTF) high-impact energy sector projects. CTF financing is expected to leverage an additional USD 2.25 billion for investments in energy efficiency, renewable energy, and smart grid upgrades to facilitate greater integration of renewable energy.

Vakıfbank provides banking services via alternative channels such as internet banking, mobile banking so that decreases the emissions of its customers. Therefore, we could call them our 'Low Carbon Products'. In 2018, approximately 486 Million of transactions are done via internet banking, mobile banking, which is 23% of overall transactions done in Vakıfbank .

The amount of funds provided in line with our sustainable financing products and the number of projects are our measures of success.

Vakıfbank extends the strategy of emission reduction efforts to its suppliers through purchasing 86% of its electricity from a supplier which produces electricity only from renewable resources. Official letter of electricity provider company is attached. Switching to renewable energy from grid is the measure of our success.

Turkish Banks Association (TBA) is the sectoral association of banks in Turkey and Vakıfbank 's CEO is a board member of the TBA. Besides, Vakıfbank is a member of the working group named as "Role of Financial Sector in Sustainable Development". Vakıfbank actively participates and contributes to working group. It is planned to develop a declaration of commitment to adherence to sustainable banking and Vakıfbank fully supports these efforts, as Vakıfbank wants to integrate sustainability prerequisites into all loan programs.

Our employees are also in our value chain. Vakıfbank puts importance on capacity development of its employees about sustainability. Trainings have vital importance for creating behavioral change for emission reduction activities, risk management and product development to mitigate the effects of Climate Change. Trainings of employees on sustainability have reached to 987,688 human-hours.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support with minor exceptions	Vakıfbank provides feedback and technical advice for improvement of the BEP-TR Programme implemented by the Ministry of Environment and Urbanization, which is regarding GHG emission performance of buildings. The programme implements a system to have an inventory of the buildings' energy performance in Turkey, and develop legislation for the improvement of the performances. Vakıfbank provides technical consultancy in energy related calculations during the Programme.	Vakıfbank suggested extension of the scope of the draft legislation to individual branch offices such as Banks, shops, etc, instead of whole buildings only.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Turkish Banks Association (TBA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Vakıfbank's CEO is a board member of the Turkish Banks Association (TBA) and a board member of Turkish Industrial Development Bank (TSKB). TBA has a Working Group on "Role of Financial Sector in Sustainable Development". The WG aims to integrate environmental concerns into Banks' loan policies in Turkey.

How have you influenced, or are you attempting to influence their position?

Vakıfbank's CEO is a board member of the Turkish Banks Association (TBA). Vakıfbank is a member of the working group named as "Role of Financial Sector in Sustainable Development". Vakıfbank actively participates and contributes to working group. It is planned to develop a declaration of commitment to adherence to sustainable banking and Vakıfbank fully supports these efforts, as Vakıfbank wants to integrate sustainability prerequisites into all loan programmes.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our governance structure ensures that direct and indirect activities that could influence policy are monitored and tracked by Sustainability Committee of Vakıfbank. The Sustainability Committee reviews and monitors activities to ensure consistency across the bank and in line with our climate policy and environmental sustainability policy on a broader level. In cases where Sustainability Committee finds out activities inconsistent with our climate policy, these are referred to the Board of Directors for consideration.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

1

2018 VAKIFBANK Annual Report.pdf

Page/Section reference

2018 VAKIFBANK Annual Report
pages 43-53, 76

Content elements

Governance
Strategy
Risks & opportunities

Comment

We aim to share our results with our stakeholders as much as possible

Publication

In voluntary sustainability report

Status

Complete

Attach the document

2

Sustainability-Report-2018.pdf

Page/Section reference

2018 VAKIFBANK Sustainability Report

Vakıfbank at a Glance, pages 8-23
Corporate Governance, pages 25-30
Our Natural Capital, pages 73-74

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

We aim to share our results with our stakeholders as much as possible

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

We would like to share our Renewable Energy Use Statement, obtained by Bereket Energy.

Renewable Energy Use Statement.pdf

C14.1

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

	Job title	Corresponding job category
Row 1	Kadir KARATAS Support Services President	Other C-Suite Officer

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms