

TÜRKİYE VAKIFLAR BANKASI T.A.O. - Climate Change 2018

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, Vakıfbank has investment banking and capital market activities, where Vakıfbank 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 924 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 Cyprus) 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 satisfy 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.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	No	<Field Hidden>
Row 2	<Field Hidden>	<Field Hidden>	<Field Hidden>	<Field Hidden>
Row 3	<Field Hidden>	<Field Hidden>	<Field Hidden>	<Field Hidden>
Row 4	<Field Hidden>	<Field Hidden>	<Field Hidden>	<Field Hidden>

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) 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	<ul style="list-style-type: none"> 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 	<p>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.</p>

C1.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other committee, please specify (Corporate Governance Committee)	Both assessing and managing climate-related risks and opportunities	Half-yearly
Other, please specify (Sustainability Working Group)	Both assessing and managing climate-related risks and opportunities	Annually
Other, please specify (Head Of Administrative Affairs Dept.)	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.

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 body 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 in each 924 branch together with Administrative Bodies of Vakıfbank.(Over 1800 Environment Representatives)

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 924 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 Environmental Representatives 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 Departments, Project Development and Analysis Departments in order to integrate them into the risk and opportunity analysis procedures. So that all departments could use this intelligence in their risk and opportunity assessments

C1.3

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

Yes

C1.3a

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

Who is entitled to benefit from these incentives?

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.

Who is entitled to benefit from these incentives?

Other, please specify (Branch Environmental Representative)

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The Board sets a target about emission reduction and usage of source. Thus every branch be sensitive about their emissions . If the branch achieves its target, their performance monetary reward 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	1	Vakıfbank started to establish ISO 14001 Environmental Management System including its HQ Buildings and branches. The Bank plans to instill recycle management system to 250 branches. 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, Training agenda is currently scheduled. International banking will be in effort to obtain new syndication credits and/or international funds for low carbon finance. Vakıfbank will be promoting its low carbon products and its products that decreases third parties' carbon footprint like credits and mobile banking. 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	1	5	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. Vakıfbank will be following its Science Based Targets for emission reduction.
Long-term	5	10	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 TFCO 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 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

	From (years)	To (years)	Comment
			constructional works unit to minimize the potential physical effects of climate change. Vakıfbank will be following its Science Based Targets for emission reduction.

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. 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.

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 - CGC (Formerly named as Sustainability Committee) under BoD.

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

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 additional 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, Intelligence 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.

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. Core business departments expects compliance from customers; 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 and 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.
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 affect of Climate Change could cause a high damage on our business.
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, IFC and 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.

	Relevance & inclusion	Please explain
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 Vakıfbank'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 driver

Market: 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

Potential financial impact

10000000 TL

Explanation of 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). 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 MtCO_{2e}.

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

510336.95 TL

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 510.336,95 TL in total for 2017.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Other

Type of financial impact driver

Policy and legal: Increased 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

Potential financial impact

43360

Explanation of financial impact

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 22,942 tCO₂e in 2016. If we assume that 0.5 USD per tCO₂e is charged as carbon tax, then Vakıfbank would subject to 11,471 USD (43,360 TL as of Dec 31, 2017) 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 11,471 USD of tax.

Cost of management

510336.95

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 510,336.95 TL in total for 2017.

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 driver

Technology: 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 900 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

Potential financial impact

2000000 TL

Explanation of financial impact

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 2017, Vakıfbank got ISO 14001 Certificates including 30 of its branches of Vakıfbank.

Cost of management

510336.95 TL

Comment

Personnel fees of EMS and the budget of consultancy services provided to EMS are 510.336,95 TL in total for 2017.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Please select

Type of financial impact driver

Please select

Company- specific description

An overall change in all climate parameters combined (precipitation, 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

Potential financial impact

10000000 TL

Explanation of financial impact

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

Please select

Type of financial impact driver

Please select

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

Potential financial impact

1000000

Explanation of financial impact

Due to the uncertainties involved in estimating the impacts of climate change on increased average temperatures, thus on power consumption of air conditioners, it is not possible to make estimates regarding financial implications on Vakıfbank.

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

Please select

Type of financial impact driver

Please select

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 23 HQ Buildings, 924 branches and 4.040 ATMs as of the end of 2017. Therefore, they are open to detrimental effects of physical risks of Climate Change.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium-low

Potential financial impact

141726300

Explanation of financial impact

Vakıfbank has 23 HQ Buildings, 924 branches and 4.040 ATMs as of the end of 2017. Total value of tangible assets of Vakıfbank is 1,417,263,000 as of end of 2017. 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 2017, 24 cases are reported about natural disasters. 6 of which is covered by the insurance and 164,880 TL is paid to Vakıfbank to compensate the damage.

Cost of management

522940.68

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 510.336.95 TL for 2017 and the uncovered part of the cost of the physical damages at Vakıfbank buildings is 12,603.73 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 driver

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

Potential financial impact

1692500

Explanation of financial impact

The market value of Vakıfbank as of end of 2017 is 16.925.000.000 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 1.692.500.000 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

510336.95 TL

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 510,336.95 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 driver

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

Potential financial impact

100000000 TL

Explanation of 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). 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 MtCO_{2e}.

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

510336.95 TL

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 510.336.95 TL in total for 2017.

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 driver

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

Potential financial impact

23500000 TL

Explanation of financial impact

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, EIB, Municipal Loan 100 million Euro.

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

510336.95 TL

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 510,336.95 TL in total for 2017.

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 driver

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

Potential financial impact

1692500000 TL

Explanation of financial impact

The market value of Vakıfbank as of end of 2017 is 16.925.000.000 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 1.692.500.000 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 510,336.95 TL.

Cost to realize opportunity

510336.95 TL

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.
Supply chain and/or value chain	Impacted	Vakıfbank purchases 100% renewable electric energy where possible. In addition to its HQ buildings, Vakıfbank has 924 branches and 4.040 ATMs all over Turkey. Vakıfbank consumed 59507 MWh renewable electric energy with Private Purchasing Agreement (PPA) from Bereket Energy, it is an important support to a renewable energy generation company.
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.
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.
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.
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.

C2.6

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

	Relevance	Description
Revenues	Impacted	Vakıfbank gains high revenues from the funds received by international banking activities.
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 510.336,95 TL in total for 2017.
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 510.336,95 TL in total for 2017.
Acquisitions and divestments	Not impacted	We did not make any acquisitions and divestments.
Access to capital	Impacted	Vakıfbank accessed international 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, EIB, Municipal Loan 100 million Euro.
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, EIB, Municipal Loan 100 million Euro.
Liabilities	Impacted	Expenditures to manage 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 510.336,95 TL in total for 2017.
Other	Impacted	The market value of Vakıfbank as of end of 2017 is 16.925.000.000 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 1.692.500.000 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 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 MtCO_{2e}. 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 supports 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, Vakıfbank 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 30 branches at the first will be received in 2017. 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 670,832 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 scenarios about the green economy market in Turkey. Also, follows up the improvements about cap and trade schemes.

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 1

Scope

Scope 2 (location-based)

% emissions in Scope

41

% reduction from base year

2

Base year

2016

Start year

2017

Base year emissions covered by target (metric tons CO₂e)

1755

Target year

2017

Is this a science-based target?

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

% achieved (emissions)

100

Target status

Expired

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 35.1 tCO₂e reduction in ATM emissions. Beyond our target, we achieved to reduce our location based Scope 2 emissions for ATMs 210 tCO₂e . It means 12% reduction in ATM emissions.

Target reference number

Abs 2

Scope

Scope 2 (location-based)

% emissions in Scope

42

% reduction from base year

5

Base year

2017

Start year

2018

Base year emissions covered by target (metric tons CO₂e)

1548

Target year

2018

Is this a science-based target?

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

% achieved (emissions)

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 5%. It means 77.4 tCO₂e reduction in ATM emissions.

Target reference number

Abs 3

Scope

Scope 2 (location-based)

% emissions in Scope

100

% reduction from base year

2

Base year

2017

Start year

2018

Base year emissions covered by target (metric tons CO₂e)

3804

Target year

2018

Is this a science-based target?

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

% achieved (emissions)

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 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.

C4.1b

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

Target reference number

Int 1

Scope

Scope 1

% emissions in Scope

33

% reduction from baseline year

2

Metric

Metric tons CO2e per square meter*

Base year

2016

Start year

2017

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

0.0205

Target year

2017

Is this a science-based target?

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

% achieved (emissions)

0

Target status

Expired

Please explain

Vakıfbank has annual target of 2% emission reduction per each square meter of office from natural gas, where heating is provided by natural gas. This goal is planned to be achieved through continuous emission efficiency projects in branch offices. The performance figure is raised from 0.0205 tCO2e/m2 to 0.0206 tCO2e/m2,

% change anticipated in absolute Scope 1+2 emissions

1.5

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 2

Scope

Scope 2 (location-based)

% emissions in Scope

100

% reduction from baseline year

2

Metric

Metric tons CO2e per square meter*

Base year

2016

Start year

2017

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

0.0071

Target year

2017

Is this a science-based target?

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

% achieved (emissions)

100

Target status

Expired

Please explain

Vakıfbank set annual target of 2% emission reduction from electricity use per each square meter of offices. This goal is planned to be achieved through continuous emission efficiency projects in 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. The target was set in 2014 and annually ongoing. The target is to reduce the intensity figure from 0.0071 tCO₂e/m² to 0.0069 tCO₂e/m², which is 2%. We overachieved our target and reduce the intensity figure from 0.0071 tCO₂e/m² to 0.0060 tCO₂e/m², which is 15%.

% change anticipated in absolute Scope 1+2 emissions

3.4

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 3

Scope

Scope 2 (location-based)

% emissions in Scope

41

% reduction from baseline year

2

Metric

Metric tons CO₂e per square meter*

Base year

2016

Start year

2017

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

0.4596

Target year

2017

Is this a science-based target?

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

% achieved (emissions)

100

Target status

Expired

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 2%, which means 35 tCO₂e reduction in absolute emissions. The target was to reduce the intensity figure from 0.4596 tCO₂e/ATM to 0.4504 tCO₂e/ATM, which is 2%. We over achieved our target and reduce the intensity figure from 0.4596 tCO₂e/m² to 0.3832 tCO₂e/m², which is 17%.

% change anticipated in absolute Scope 1+2 emissions

1.23

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 4

Scope

Scope 1

% emissions in Scope

35

% reduction from baseline year

2

Metric

Metric tons CO₂e per square meter*

Base year

2017

Start year

2018

Normalized baseline 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

% achieved (emissions)

0

Target status

New

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%.

% 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

% reduction from baseline year

2

Metric

Metric tons CO₂e per square meter*

Base year

2017

Start year

2018

Normalized baseline 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

% achieved (emissions)

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. 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%.

% change anticipated in absolute Scope 1+2 emissions

0.45

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 6

Scope

Scope 2 (location-based)

% emissions in Scope

42

% reduction from baseline year

4

Metric

Other, please specify (Metric tonnes CO₂e per ATM)

Base year

2017

Start year

2018

Normalized baseline 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

% achieved (emissions)

0

Target status

New

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%.

% change anticipated in absolute Scope 1+2 emissions

0.37

% 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 energy consumption

KPI – Metric numerator

Electricity generated from renewable in MWh. To reduce our footprint, we maximize the ratio of renewable electricity consumption. So, we are switching our branches and ATMs to renewable energy by PPA.

KPI – Metric denominator (intensity targets only)

Total electricity consumption in MWh. Electricity generated from renewable energy and purchased from grid.

Base year

2016

Start year

2016

Target year

2017

KPI in baseline year

86

KPI in target year

87.4

% achieved in reporting year

100

Target Status

Expired

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. We aim to maximize the ratio of renewable electricity consumption and the target is to increase the renewable energy ratio to 87.4%.

Part of emissions target

It is part of the Vakıfbank's sustainability vision and its renewable energy consumption policy.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Target

Renewable energy 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)

Number of overall ATMs.

Base year

2016

Start year

2016

Target year

2017

KPI in baseline year

35

KPI in target year

46

% achieved in reporting year

100

Target Status

Expired

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 was to increase our use of renewable energy from 35% to 40%. We overachieved our target by increasing it to 46%.

Part of emissions target

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

Target

Renewable energy 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

2018

Target year

2018

KPI in baseline year

830

KPI in target year

1037

% achieved in reporting year

0

Target Status

New

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 aim to make it 1037 ATMs.

Part of emissions target

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

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	2000
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	2	732
Not to be implemented	1	250

C4.3b

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

Activity type

Energy efficiency: Building fabric

Description of activity

Other, please specify (Both insulation and maintenance)

Estimated annual CO2e savings (metric tonnes CO2e)

600

Scope

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

Scope 3

Voluntary/Mandatory

Voluntary

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

25000000

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

20000000

Payback period

1-3 years

Estimated lifetime of the initiative

>30 years

Comment

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. 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 30 branches in 2017.

Activity type

Other, please specify (Awareness raising and behavioral change)

Description of activity

<Field Hidden>

Estimated annual CO2e savings (metric tonnes CO2e)

150

Scope

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

Scope 3

Voluntary/Mandatory

Voluntary

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

1000000

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

0

Payback period

<1 year

Estimated lifetime of the initiative

21-30 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 30 branches in 2017.

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 2017, approximately 1,681,286,345 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

25

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)

12422

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)

4279

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?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

12985.37

End-year of reporting period

<Field Hidden>

Comment

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

Row 2

Gross global Scope 1 emissions (metric tons CO2e)

<Field Hidden>

End-year of reporting period

<Field Hidden>

Comment

<Field Hidden>

Row 3

Gross global Scope 1 emissions (metric tons CO2e)

<Field Hidden>

End-year of reporting period

<Field Hidden>

Comment

<Field Hidden>

Row 4

Gross global Scope 1 emissions (metric tons CO2e)

<Field Hidden>

End-year of reporting period

<Field Hidden>

Comment

<Field Hidden>

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. Please see the attached document about our use of renewable energy.

C6.3

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

Row 1

Scope 2, location-based

3803.54

Scope 2, market-based (if applicable)

0

End-year of reporting period

<Field Hidden>

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 3,803 tCO2e. It was 4,279 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. Please see the attachment.

Row 2

Scope 2, location-based

<Field Hidden>

Scope 2, market-based (if applicable)

<Field Hidden>

End-year of reporting period

<Field Hidden>

Comment

<Field Hidden>

Row 3

Scope 2, location-based

<Field Hidden>

Scope 2, market-based (if applicable)

<Field Hidden>

End-year of reporting period

<Field Hidden>

Comment

<Field Hidden>

Row 4

Scope 2, location-based

<Field Hidden>

Scope 2, market-based (if applicable)

<Field Hidden>

End-year of reporting period

<Field Hidden>

Comment

<Field Hidden>

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

4178.28

Emissions calculation methodology

Paper, water consumption and postage activities 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 for 2017.

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. Nevertheless, our consumption increased which increased emissions from 3,798.25 tonnes to 4,178.28 tonnes this year.

Capital goods**Evaluation status**

Relevant, not yet calculated

Metric tonnes CO2e

0

Emissions calculation methodology

Not calculated

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

0

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 capital goods are not calculated yet. We are willing to do this in the future.

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

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

It is not relevant for us.

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

0

Explanation

Vakıfbank is a bank providing deposit banking services. Therefore, it is not relevant for Vakıfbank.

Upstream transportation and distribution**Evaluation status**

Relevant, not yet calculated

Metric tonnes CO2e

0

Emissions calculation methodology

It is not relevant for us.

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

0

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

9.43

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 canteenries at the HQ buildings. It was 7.35 last year

Business travel**Evaluation status**

Relevant, calculated

Metric tonnes CO2e

863.44

Emissions calculation methodology

Calculations are done by using EPA (2008) passenger emissions factors. Flight data are gathered and the distance of the each flight leg was determined. 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 924 branches and 23 HQ 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. Almost the same as the last year, with a little bit of an increase from 852.49 mt tonnes of CO₂e.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1101.89

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 for 2017.

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

100

Explanation

Vakıfbank 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 1,381.42 to 1,101.89 metric tonnes.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

0

Emissions calculation methodology

Not calculated.

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

0

Explanation

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

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

37.58

Emissions calculation methodology

Postage 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 20% compare to the last reporting year (45.36 metric tonnes CO₂e).

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

0

Emissions calculation methodology

Not relevant, not calculated.

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

0

Explanation

We are deposit bank and there is no processing for our sold products.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

0

Emissions calculation methodology

Not relevant, not calculated.

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

0

Explanation

We are deposit bank and there is no processing for our sold products.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not relevant, not calculated.

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

0

Explanation

Vakıfbank provides banking services, therefore the end of life treatment of our sold products is not relevant.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not relevant, not calculated.

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

0

Explanation

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

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not relevant, not calculated.

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

0

Explanation

We are a deposit bank and we have no franchises.

Investments

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

0

Emissions calculation methodology

Not calculated.

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

0

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

Metric tonnes CO2e

0

Emissions calculation methodology

Not relevant, not calculated.

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

0

Explanation

We have no other upstream GHG emission sources.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not relevant, not calculated.

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

0

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

0.00000451

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

16789

Metric denominator

unit total revenue

Metric denominator: Unit total

3723000000

Scope 2 figure used

Location-based

% change from previous year

27

Direction of change

Decreased

Reason for change

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. We also modernize our ATM inventory. These new ATMs consume less electricity than old ones. 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.

Intensity figure

1.0423

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

16789

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

16097

Scope 2 figure used

Location-based

% change from previous year

3

Direction of change

Decreased

Reason for change

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. We also modernize our ATM inventory. These new ATMs consume less electricity than old ones. 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.

C7. Emissions breakdowns

C7.1

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

Yes

C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	12477	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	13.55	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	121	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify (R410A)	253.67	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify (R22)	120.07	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
Turkey <i>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.</i>	12985.37

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)	237.79
Heating	5077.55
Fugitive gas (from Fire extinguishers)	0
Fugitive gas from AC	389.37
Company Cars	7280.65

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	24.97	0	22.08	0
Bahrain	25.2	0	34.77	0
United States of America	48.15	0	105.59	0
Turkey	3705.23	0	68071.61	59507.28

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	2157.26	0
Electricity use of ATMs	1547.97	0
International Branches	98.31	0

C7.9

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

Increased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	293	Decreased	1.76	Our grid electricity energy consumption decreased from 9,066,584 kWh to 8,401,882 kWh. The difference is 664,702 kWh. While we are calculating emissions from renewable energy, we took the emission factor as zero. Therefore, 293 tCO2e reduction is realized by this way.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Other emissions reduction activities	732	Decreased	4.38	By our emission reduction activities 732 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	0	No change	0	There has been no change in methodology.
Change in boundary	98.31	Increased	0.59	We included the world wide GHG Inventory this year. We included there additional countries out of Turkey. Their emissions are 98.31 tCO2e.
Change in physical operating conditions	1013	Increased	6.07	In 2017, we experienced temperature extremities too much. In addition to that, natural gas is the most common source for heating and electricity is the most common energy for cooling purposes. Therefore, we assume that 75% of increase in these energy sources are caused as a result of change in physical operating conditions.
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	52156.75	52156.75
Consumption of purchased or acquired electricity	<Field Hidden>	59507.28	8564.33	68071.61
Consumption of purchased or acquired heat	<Field Hidden>	<Field Hidden>	<Field Hidden>	<Field Hidden>
Consumption of purchased or acquired steam	<Field Hidden>	<Field Hidden>	<Field Hidden>	<Field Hidden>
Consumption of purchased or acquired cooling	<Field Hidden>	<Field Hidden>	<Field Hidden>	<Field Hidden>
Consumption of self-generated non-fuel renewable energy	<Field Hidden>	<Field Hidden>	<Field Hidden>	<Field Hidden>

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Total energy consumption	<Field Hidden>	59507.28	60721.07	120228.36

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 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)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

696.02

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

27110.89

MWh fuel consumed for the self-generation of electricity

888.5

MWh fuel consumed for self-generation of heat

0

Fuels (excluding feedstocks)

Coal

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

443.71

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-generation of heat

443.71

Fuels (excluding feedstocks)

Fuel Oil Number 4

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

68.35

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-generation of heat

68.35

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

22654.45

MWh fuel consumed for the self-generation of electricity

0

MWh fuel consumed for self-generation of heat

22654.45

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

IPCC Tables 3.2.1 and Table 3.2.2

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

IPCC 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

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

59507.28

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. Please see the attachment, claim of Bereket Energy.

C9. Additional metrics

C9.1

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

Description

Energy use

Metric value

7.46

Metric numerator

MWh

Metric denominator (intensity metric only)

FTE

% change from previous year

2.47

Direction of change

Increased

Please explain

Vakıfbank reports 16,097 Full Time Equivalent personnel for the year 2017. The total energy use for 2017 is reported as 120,228.6 MWh.

Description

Energy use

Metric value

0.19

Metric numerator

MWh

Metric denominator (intensity metric only)

m²

% change from previous year

1.6

Direction of change

Increased

Please explain

The total energy use for 2017 is reported as 120,228.6 MWh. The total area (m²) metric is 630,926 square meters for 2017.

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

[Scope 1-2.png](#)

[Upload problem.png](#)

[2017 FY Vakifbank Verification Report for Sc1, 2 from BSI.pdf](#)

Page/ section reference

Page 1

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

[Scope 3.png](#)

Page/ section reference

1

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

1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

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

2

[2017 FY Vakifbank Verification Report for Sc3 from BSI.pdf](#)

Page/section reference

Page 1

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 2 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	Both Scope 1 and Scope 2 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 3 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

Please select

% of suppliers by number

1

% total procurement spend (direct and indirect)

0.5

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

-

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

Size of engagement

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.

Vakifbank 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. Vakifbank 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 Vakifbank could create a positive impact among its value chain. Please find our strategy and some examples of engagements with our customers, suppliers, employees.

Therefore; Vakifbank supports and encourages its stakeholders & clients for their sustainable energy projects and investments, regardless of the size of the investment. According to Vakifbank'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.

Vakifbank 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. Vakifbank 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.

Vakifbank 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 Vakifbank 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.

Vakifbank 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 2016, approximately 486 Million of transactions are done via internet banking, mobile banking, which is 30% of overall transactions done in Vakifbank.

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

Vakifbank 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 Vakifbank's CEO is a board member of the TBA. Besides, Vakifbank is a member of the working group named as "Role of Financial Sector in Sustainable Development". Vakifbank actively participates

and contributes to working group. It is planned to develop a declaration of commitment to adherence to sustainable banking and Vakifbank fully supports these efforts, as Vakifbank wants to integrate sustainability prerequisites into all loan programs. Our employees are also in our value chain. Vakifbank 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 240,642 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	Vakifbank 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. Vakifbank provides technical consultancy in energy related calculations during the Programme.	Vakifbank 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, or are you attempting to, influence the 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 voluntary sustainability report

Status

Complete

Attach the document

-

[Sustainability Report 2017 Vakifbank.pdf](#)

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

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.

You can contact with Environmental Management Service Manager Mr. Caner GENÇELİ for any questions via e-mail (caner.genceli@vakifbank.com.tr)

Please find the clarification from Bereket Enerji about the use of electricity generated from 100% renewable sources.

[Bereket Enerji Clarification of Renewable Sources.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	Mr. Mustafa SAYDAM Chief Administrative Officer and Chief Procurement Officer	Chief Procurement Officer (CPO)

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