

SOCIAL PERFORMANCE TABLES

Consolidated Number of Employees ¹	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Yapı Kredi Bank	10,243	6,320	9,950	6,165	9,607	5,824	9,354	5,655
Türkiye	10,243	6,317	9,950	6,162	9,607	5,821	9,354	5,652
Bahreyn Branch	0	3	0	3	0	3	0	3
Domestic Subsidiaries	253	340	293	370	335	435	362	454
Foreign Subsidiaries	100	205	109	199	103	212	114	223
Total	17,464		17,086		16,516		16,162	

¹ The table covers Yapı Kredi Bank, domestic subsidiaries (Yapı Kredi Invest, Yapı Kredi Asset Management, Yapı Kredi Technology, Yapı Kredi Leasing ve Yapı Kredi Faktoring) and foreign subsidiaries (Yapı Kredi Bank Nederland N.V. and Yapı Kredi Bank Azerbaijan).

Number of Employees and Subcontractors by Employment Type ²	2020		2021		2022		2023	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Employee number	15,886	151	15,208	244	15,256	175	14,834	175
Subcontractor number	2,508	147	2,348	101	2,445	136	2,222	102

² The table covers only Yapı Kredi Bank.

Employment Models (%) ³	2022	2023
Office	55	54
Hybrid	20	20
Remote	25	26

³ The application was launched in May 2022 and only Yapı Kredi Bankası was included.

Number of Employees by Age ⁴	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	125	335	186	415	1,960	1,080	2,326	1,332
30-50 years old (including 30 and 50 years old)	7,818	5,047	7,783	4,816	7,752	4,673	7,108	4,325
Over 50 years old	2,300	938	2,002	934	230	506	282	452

⁴ Unless otherwise stated, Number of Employees by Age and the following tables cover Yapı Kredi Bank and its domestic subsidiaries (Yapı Kredi Invest, Yapı Kredi Portföy, Yapı Kredi Technology, Yapı Kredi Leasing ve Yapı Kredi Faktoring).

Number of Employees with Disabilities	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees with disabilities by gender	115	407	131	398	134	383	144	380

Number of Employees by Term of Employment	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
0-5 years	2,375	1,677	2,127	1,517	2,209	1,633	2,740	2,013
5-10 years (including 5 th ve 10 th years)	3,449	2,065	3,357	2,004	3,243	1,949	2,729	1,638
Above 10 years	4,419	2,578	4,466	2,644	4,490	2,677	4,247	2,458

Number of Internal Promotions	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	468	185	239	163	524	336	666	406
30-50 years old (including 30 and 50 years old)	785	663	741	549	951	909	1,150	680
Over 50 years old	1	5	0	4	0	0	16	22

New Employee Hires by Gender and Age	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	469	345	776	493	1,032	693	1,403	773
30-50 years old (including 30 and 50 years old)	38	74	59	122	116	168	257	224
Over 50 years old	0	0	0	0	0	1	0	1

Position Filled with Internal Candidates (%)	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
By Gender (%)	-	-	62.1	37.9	66.7	33.3	68.5	31.5
Total	-		1,209		147		1,433	

Percentage of Open Positions Filled by Internal Hires (%)	2020		2021		2022		2023	
		18		45		7		54

Number of Employees Leaving Work	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	378	196	504	315	650	368	636	406
30-50 years old (including 30 and 50 years old)	491	262	576	385	477	325	1,073	592
Over 50 years old	65	129	63	114	37	66	99	224

Employee Turnover Rate (%) ⁵	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	2.2	1.2	3.1	1.9	4.0	2.3	4.0	2.5
30-50 years old (including 30 and 50 years old)	2.9	1.6	3.5	2.4	3.0	2.0	6.7	3.7
Over 50 years old	0.4	0.8	0.4	0.7	0.2	0.4	0.6	1.4
Total	9.0		12.0		11.9		18.9	

⁵ Employee turnover rate is calculated over the total number of people who left voluntarily (with resignation) and non-resignation ways.

Voluntary Employee Turnover Rate (%) ⁶	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	1.2	1.0	2.0	1.6	2.2	1.6	2.4	2.0
30-50 years old (including 30 and 50 years old)	0.6	0.7	1.0	1.3	0.9	1.1	0.9	1.1
Over 50 years old	0	0	0	0	0	0	0	0
Total	3.4		5.9		5.8		6.4	

⁶ Voluntary employee turnover rate is calculated only for people who left by resignation.

Maternity Leave⁷	2020	2021	2022	2023
Number of employees taking maternity leave	551	546	471	412
Number of employees returning to work after maternity leave	641	532	475	424
Number of employees that returned to work after maternity leave and worked at least 12 more months afterwards	640	515	457	415
Return-to-work rate after maternity leave (%)	93.3	95.9	94.5	95.6
Retention rate after maternity leave (at least 12 months) (%)	95.1	96.9	96.2	97.8

⁷ The table covers only employees at Yapı Kredi Bank Turkey locations. Yapı Kredi offers childcare facilities/ contributions and lactation facilities for its employees.

Number of Employees Benefiting from Parental Leave⁸	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of employees benefiting from parental leave	551	264	546	276	471	256	412	206

⁸ The table covers only employees at Yapı Kredi Bank Turkey locations. Paid parental leave for the primary caregiver is 16 weeks and for the non-primary caregiver is 1 week.

Gender Diversity	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees in all positions (%)	61.7	38.3	61.7	38.3	61.4	38.6	61.4	38.6
Board members (%)	20.0	80.0	16.7	83.3	16.7	83.3	20	80
Employees in all management positions (%)	40.3	59.7	40.0	60.0	39.9	60.1	61.6	38.4
Employees in senior management positions ⁹ (%)	30.0	70.0	22.9	77.1	22.2	77.8	19.4	80.6
Employees in middle and first-level management positions ⁹ (%)	49.2	50.8	48.6	51.4	48.5	51.5	48.5	51.5
Employees in first-level management positions ⁹ (%)	61.2	38.8	60.6	39.4	59.0	41.0	58.6	41.4
Employees in non-management positions (%)	64.3	35.7	64.4	35.6	64.1	35.9	64.1	35.9
Employees in income generating management positions (%)	43.4	56.6	43.6	56.4	44.4	55.6	46.2	53.8
Employees in income generating positions (%)	67.7	32.3	67.9	32.1	68.2	31.8	69.1	30.9
Employees in STEM ¹⁰ –related positions (%)	36.2	63.8	36.6	63.4	38.2	61.8	37.0	63.0
Employees in technology/IT teams (%)	38.1	61.9	38.1	61.9	39.3	60.7	38.4	61.6
Employees in engineering positions (%)	22.6	77.4	23.3	76.7	23.0	77.0	22.9	77.1

⁹ For senior management positions maximum two levels away from CEO or similar positions, for middle-level management positions three and four levels away from CEO or similar positions, and first-level management positions five and more levels away from CEO or similar positions are taken as a basis.

¹⁰ STEM refers to science, technology, engineering and mathematics.

Share in Management Positions by Nationality	2022		2023	
	Total workforce	All management positions	Total workforce	All management positions
Turkish (%)	98	98	98.2	98.4
Azerbaijani (%)	1.5	1.4	1.6	1.1
Netherlander (%)	0.2	0.5	0.2	0.5

Pay Gap Analysis	2020		2021		2022		2023	
	Average	Median	Average	Median	Average	Median	Average	Median
Pay Gap Ratio (%)	27.1	25.9	27.5	26.4	27.1	24.9	27.6	24.5
Bonus Gap Ratio (%)	42.7	44.9	35.4	36.9	31.4	33	41	40

Unionization ¹¹	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of unionized employees	6,025	2,879	5,792	2,743	6,595	2,840	6,283	2,616

¹¹ The table covers only employees at Yapı Kredi Bank Turkey locations.

Employee Engagement	2020			2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employee engagement (%)	75	76	76	68	67	68	67	72	69	65	67	66

Training	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Average hours of training per FTE	20	24	43	47	49	50	33	33
Total training hours	202,844	141,751	419,491	274,456	488,316	310,781	318,010	200,936
Average amount spent per FTE on training (TL)	1,626	1,626	2,392	2,392	5,349	5,349	10,630	10,630
Total amount spent on training (million TL)	16.2	9.7	23.1	13.8	53.1	33.4	103.3	64.9

Total Training Hours	2020	2021	2022	2023
Ethics	4,491	2,943	20,162	4,986
Personal Data Protection Law	3,502	7,311	4,677	16,963
OHS	7,837	84,763	30,679	8,523
Environment	646	1,129	2,011	4,283
Leadership	15,564	125,506	130,006	33,817
Professional/Technical	230,130	320,703	379,936	329,808
Other	82,426	151,592	231,087	125,942

Occupational Health and Safety (Employees)	2020	2021	2022	2023
Total working hours (in a year)	27,665,546	28,650,588	29,582,643	30,904,527
The total lost working days	165	118	161	71
The number of work-related injuries	20	18	33	22
The number of work-related fatalities	1	0	0	0
The number of occupational diseases	0	1	0	0
Lost Day Rate (LDR) ¹²	1.19	0.82	1.09	0.46
Injury Rate (IR) ¹³	0.14	0.13	0.22	0.14
Occupational Disease Rate (ODR) ¹⁴	0	0.06	0	0
Absentee rate (% of total days scheduled) ¹⁵	2.57	1.56	2.12	1.98

Occupational Health and Safety (Subcontractors)	2020	2021	2022	2023
Total working hours (in a year)	5,651,713	5,789,403	5,200,244	5,507,567
The total lost working days	10	1	4	8
The number of work-related injuries	7	12	14	14
The number of work-related fatalities	0	0	0	0
The number of occupational diseases	0	0	0	0
Lost Day Rate (LDR) ¹²	0.35	0.03	0.15	0.29
Injury Rate (IR) ¹³	0.25	0.41	0.54	0.51
Occupational Disease Rate (ODR) ¹⁴	0	0	0	0

¹² Lost Days Rate (LDR): Calculated based on the number of lost working days due to workplace accidents and total working time.

Formula: $(\text{Total Number of Lost Working Days} \times 200,000) / \text{Total Working Hours}$

¹³ Injury Rate (IR): Calculated based on work-related injuries and total time worked during the year.

Formula: $\text{Total Number of Work-Related Injuries} / (\text{Total Working Hours} - \text{Lost Working Hours}) \times 200,000$

¹⁴ Occupational Disease Rate (ODR): Calculated based on temporary or permanent diseases due to the nature or conditions of the work and total working hours Formula: $(\text{Total Number of Occupational Diseases} \times 200,000) / \text{Total Working Hours}$

¹⁵ Absentee Rate: Calculated based on absentee days lost and total days worked. Formula: $(\text{Absentee Days} / \text{Total Days Scheduled}) \times 100$

Supplier Management ¹⁶	2022	2023
Number of total supplier	564	626
Number of local supplier	509	563
Rate of payments to local suppliers (%)	97.9	94

¹⁶ The table covers only Yapı Kredi Bank.

Customer Satisfaction	2020	2021	2022	2023
Net Promoter Score	48	49	48	43
Coverage of total customers (%)	7	10	13	16.5

Contributions and Other Spending (TL)	2020	2021	2022	2023
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political campaigns / organizations	0	0	0	0
Trade associations or tax-exempt groups	3,491,180	2,985,562	6,944,767	17,809,233
Other	0	0	0	0
Total	3,491,180	2,985,562	6,944,767	17,809,233

Contributions to trade associations or tax-exempt groups (TL)	2020	2021	2022	2023
Banks Association of Turkey (BAT)	3,184,580	2,663,604	6,455,922	11,719,898
Turkish Industry and Business Association (TÜSİAD)	114,000	140,250	202,500	350,000
Turkish Capital Market Association (TSPB)	165,600	64,458	185,095	369,521
Foreign Economic Relations Board of Türkiye (DEİK)	0	88,250	56,250	315,000
Foreign Trade Association of Turkey (TURKTRADE)	16,000	16,000	25,000	-
Corporate Management Association Türkiye (TKYD)	11,000	13,000	20,000	32,000
Total	3,491,180	2,985,562	6,944,767	12,090,116

ENVIRONMENTAL PERFORMANCE TABLES

GHG Emissions (ton CO₂e)¹	2020	2021	2022	2023
Scope 1	13,731	15,985	14,555	18,415
Scope 2 (Location based)	42,137	38,802	35,862	35,598
Scope 2 (Market based)	35,146	23,636	0	0
Total (Scope 1 and Scope 2)	48,877	39,621	14,555	18,415
Scope 3 (Category 1) ²	465	663	3,443	1,148
Scope 3 (Category 5)	259.03	110	114	161
Scope 3 (Category 6)	487	625	532	1,417
Scope 3 (Category 7)	5,301	4,478	4,545	4,598
Scope 3 (Category 15) ³	-	18,538,146	10,462.075	9,642,208
Emission Intensity of Scope 1 and 2 (ton CO ₂ e / total number of employees)	2.95	2.32	0.88	1.14
Emission Intensity of Scope 3 Category 15 (ton CO ₂ e / million TL outstanding amount)	-	59.76	28.14	17.45

¹ As of 2021, the coverage of environmental performance indicators has been expanded with the inclusion of other subsidiaries, namely Yapı Kredi Culture Arts and Publishing (YKKSŞY), Yapı Kredi Technology, Yapı Kredi Bank Nederland N.V. and Yapı Kredi Bank Azerbaijan, in addition to the Bank's Head Office and facility buildings, branches, and subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest). The reason for the increase in Scope 1 data for 2023 is due to the change in the emission factors published by the IPCC and the leakage gases resulting from the destruction of air conditioners in the earthquake zone.

² As of 2021, Scope 3 covers greenhouse gas emissions, paper consumption across the Bank and its subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest), fuel consumption for employee commuting at selected locations (Head Office and facility buildings, regional offices and branch buildings) of the Bank and its subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest) and air travel across the Bank. In addition, as of 2021, the Scope 3 greenhouse gas emissions include hazardous wastes, nonhazardous wastes, medical wastes and household wastes generated by Banking Base, Plaza Building D/A, Black Sea Commercial Regional Office Building, Ankara Regional Office Building, Kadıköy Branch Building, YKKSŞY Building and Darıca Archive facilities.

³ As of 2021, Scope 3 Category 15 emissions of the Bank and its selected subsidiaries (Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Bank Nederland N.V. ve Yapı Kredi Bank Azerbaijan) arising from investments and loans started to be calculated and 2021 was chosen as the base year. In addition, 2023 Scope 3 Category 15 emissions will be calculated after the companies in the Yapı Kredi's portfolio disclose their year-end data and will be publicly disclosed in the Yapı Kredi CDP Climate Change report. In Scope 3 emissions within Scope 3 Category 15, only Scope 1&2 emissions of the companies in the portfolio are disclosed. In the intensity calculation, only the loan balance included in the emission scope is taken as loan balance.

Company	2023			
	Financed Emissions Scope 1&2	Intensity (tCO₂e)/ Million TL Outstanding Amount	Financed Emissions Scope 1&2&3	Intensity (tCO₂e)/ Million TL Outstanding Amount
Yapı Kredi Consolidated	9,642,208	17.5	15,576,461	28.2
Yapı Kredi Bank Türkiye	8,325,326	16.4	13,802,857	27.1
Yapı Kredi Bank Nederland N.V.	1,293,845	31.6	1,720,551	42.0
Yapı Kredi Azerbaijan	23,038	7.6	53,053	17.6

Energy Consumption (GJ)	2020	2021	2022	2023
Electricity ⁴	325,455	323,710	298,394	301,869
Grid electricity ⁵	325,455	323,710	298,256	297,185
Renewable electricity (produced) ⁶	0	0.0324	138	4,684
Renewable electricity (purchased) ⁷	54,000	126,079	298,256	297,185
Natural Gas	116,384	125,187	108,422	97,049
Fuel oil ⁸	77,436	73,924	84,871	81,682
Total Energy Consumption	519,275	522,821	491,687	480,600
Energy Intensity (GJ / total number of employees)	31.4	31.6	29.8	29.6

⁴ Electricity amount refers to the total of grid electricity and produced renewable electricity. The reason for the change in electricity consumption data in 2022 is the inclusion of electricity consumption in domestic and foreign subsidiaries.

⁵ It is the amount of electricity purchased from electricity distribution companies.

⁶ The amount of renewable energy produced in the solar energy systems of Bodrum Branch and Banking Base (SPP) is included in the scope of the renewable electricity produced. Bodrum SPP started production in 2021, and Banking Base SPP started in 2022.

⁷ The Bank has supplied 100% of its electricity consumption in 2022 and 2023 from renewable energy sources with IREC certification.

⁸ Since 2022, in addition to fuels used for generators and heating purposes, gasoline and diesel fuel from vehicle sources have also been included in the breakdown of fuel consumption.

Energy Savings	2020	2021	2022	2023
Total annual energy saving (GJ)	19.2	6,708	2,703	1,880
Total annual GHG saving via energy saving (ton CO ₂ e)	2.5	873	185	226.2
Total annual financial savings (TL)	8,080	1,819,825	2,153,287	1,883,211

Waste Generation (ton) ⁹	2020	2021	2022	2023
Hazardous waste				
Recycled	291.5	242.2	100.1	107.7
Electronic waste	246.8	228.0	87.8	95.1
Other	44.8	14.2	12.3	12.6
Incinerated with energy recovery	0.0	0.0	0.0	0
Disposed	0.11	0.12	0.33	0.34
Total	291.6	242.3	100.4	108
Non - Hazardous waste				
Recycled	939.1	905.5	1,211.8	894.8
Paper	838.6	828.6	874.9	734.9
Plastic	8.47	15.8	5.66	4.4
Metal	37.4	45.9	128.3	38.9
Other ¹⁰	0.0	15.2	202.9	116.6
Incinerated with energy recovery	2.25	0	0	0
Municipal waste	396.0	45.96	60.3	113.2
Total	1,337.3	951.5	1,272.1	1,008

⁹ In 2023 reporting period, hazardous waste and non-hazardous waste generated by Banking Base, Plaza Building D/A, Mutlukent Warehouse, İkitelli Warehouse, Darıca Archives-Warehouse, Yeniköy Koru Facilities, Regional Office Buildings and Branch Buildings with Zero Waste Management, Yapı Kredi Culture Arts and Publishing (YKKSŞY), Samsun Communication Center, Yapı Kredi Bank Azerbaijan and household waste (including municipal waste) generated by Banking Base, Plaza Building D and Darıca Archives are included in recovery/recycling and disposal processes. Municipal waste started to be calculated from 2020.

¹⁰ Other breakdown includes glass packaging, mixed packaging, wooden packaging, aluminium, kitchen and canteen waste, end-of-life tires and non-hazardous electronic waste.

Water Consumption (m³)	2020	2021	2022	2023
Municipal water	208,558	226,685	215,375	175,232
Ground water	8,240	5,454	5,839	8,202
Rain water	0	683	4,113	7,757
Total	216,975	232,822	225,327	191,191
Amount of wastewater (m ³)	216,975	232,822	225,327	191,191
Water intensity (m ³ / total number of employee)	13.1	14.1	13.6	11.8

Certificates (% Employee)	2020	2021	2022	2023
ISO-14001 Environment Management System	31	47	70	75
ISO-50001 Energy Management System	-	-	30	32
ISO-14064-1 Greenhouse Gases Emissions Certificate	100	100	100	100
ISO-14046 Water Footprint Certificate	27	53	61	98

Environmental Investments and Expenditures (million TL)	2020	2021	2022	2023
CAPEX	2.5	3.5	32.4	17.2
OPEX	0.7	0.7	4.7	12.0
Total	3.2	4.2	37.1	29.2

SUSTAINABLE FINANCE TABLES

Sustainable Financing Products & Services	Corporate Finance			Consumer Finance		SME Lending	
	Green loans, social loans, sustainable loans	Sustainability-linked loans	Total amount	Sustainable loans and mortgages	Total amount	Sustainable SME Loans	Total amount
Outstanding Amount 2023 (billion TL)	61.9	7.2	433.8	3.0	357.8	76.1	74.7

Sustainable Financing Products & Services	Number of clients / contracts in 2023
Women Entrepreneur Support Package	1,065
Productive Card Farmers	21,544
Play Card for Students	180,377

EMERGING RISKS

1- Failure of climate change adaptation

Description

Climate change poses major threats to nature, society and the global economy. According to the Global Risks Report 2023, the biggest global risk in the next decade is the inadequacy in the fight against climate change. To avoid the dire consequences of the climate crisis, global economy must act now to achieve net-zero emissions by 2050, with the collaboration of governments, policymakers and businesses. Yapı Kredi recognizes climate change as a negative externality in the business environment, meaning it detrimentally affects individuals' well-being due to economic activities.

Impact

Physical risks, including extreme weather events and rising sea levels, may pose significant threats to the Bank's operations due to its extensive branch network throughout Turkey. Nonetheless, the most substantial impact of climate change adaptation on the banking sector is associated with lending activities, which account for nearly 99.9% of the total greenhouse gas emissions inventory for the sector.

Given the socioeconomic impact of evolving climate-related risks across various sectors, it is evident that climate change could have catastrophic effects on the operations of the Bank's customers, thereby affecting their financial stability. For instance, Yapı Kredi's lending activities in Turkey, situated in the Mediterranean Basin, are expected to face potential reductions in precipitation capacity, impacting financed hydroelectric power plant projects. Consequently, these physical factors linked to climate change could lead to a decline in financial performance, increasing the credit risk of such projects and influencing Yapı Kredi's corporate and commercial banking activities, as well as other financial metrics like profitability and share value.

In this scenario, fostering resilience to climate risks necessitates that businesses engage in robust mitigation actions to guarantee ongoing operations. The financial sector is pivotal in this green transition due to its capacity to fund the scaling of innovative technologies aimed at decarbonizing various industries.

Mitigating actions

Yapı Kredi, a key player in the Turkish banking sector, is committed to driving the green transition and places impact creation at the heart of its sustainability strategy. Aiming to lead this shift, Yapı Kredi consistently monitors climate-related indicators that are likely to influence the green transformation of its lending portfolio and customers. In light of these potential impacts, Yapı Kredi has undertaken significant steps to finance the real sector's green investments. The Bank has engaged in numerous leading international initiatives, affirming its commitment to the net-zero transition. Initially, it became a founding signatory of the UN PRB in 2019. Subsequently, aligning with the Paris Climate Agreement's action plan for climate risks, the Bank pledged to the SBTi in 2021 to lower its emissions. Furthermore, Yapı Kredi is the first and only Turkish institution to pledge emission reduction targets under the "Business Ambition for 1.5°C" framework. Reinforcing its commitment to a net-zero economy, the Bank joined the NZBA in 2023. Yapı Kredi also supports the TCFD, endorsing transparent and consistent reporting on climate change risks and opportunities.

In order to fulfil the commitments it has made, Yapı Kredi has launched a new project within the Carbon Transformation Program in 2021, which was initiated by its main shareholder Koç Holding. Within the scope of the project, the measurement and analysis of financed emissions, which constitutes almost all of the banking sector's greenhouse gas emissions, has been completed by PCAF methodology for the first time in 2022. In 2023, a modelling study of the interim net-zero emission reduction targets was carried out within the framework of SBTi guidance. In the same year, a financial feasibility study was conducted to achieve the targets set. During

this study, decarbonisation strategies were developed for prioritized sectors and action sets were determined to achieve these strategies. The targets modelled after the said feasibility and strategy study were submitted to the SBTi for verification and the Bank has recently obtained verification for submitted targets in Figure 1. Thus, Yapı Kredi achieved to be the first private Tier-I bank in Turkey to get SBTi verification. Additionally, the Bank has the most comprehensive credit portfolio target coverage compared to other verified Turkish banks and become the only Turkish bank to set targets for its entire portfolio of mandatory targets.

Moreover, at the beginning of 2024, the work initiated to improve the data quality and methodology for calculating financed emissions, which is of paramount importance in the implementation of the strategy, has been successfully completed. In this regard, Yapı Kredi aims to continue its determined efforts to reduce its financed emissions and to guide its customers in their journey to net zero not only as a financier but also as an advisor and partner.

In addition, in 2022, the Bank launched a project to incorporate climate risks into all its risk management processes, starting with credit evaluation. The project, titled "Integration of Climate Change Risks and Opportunities into Credit Processes," involves continuous training and workshops to improve the Bank's internal understanding of this issue. Currently, Yapı Kredi is leading the climate risk group formed under the Turkish Banking Associations to develop a standardized framework for the Turkish Banking sector that aligns with EU regulations.

Figure 1. SBTi verified targets

Target segment	Modelling methodology	Scope	Target base year	Target year	Metric	Target
<i>Electricity Generation</i> <i>Project Finance</i>	SDA	S1	2021	2030	tCO ₂ e/MWh	73.7%
<i>Corporate Loans:</i> <i>Real Estate</i>	SDA	S1&2	2021	2030	kgCO ₂ e/m ²	67.4%
<i>Corporate Loans:</i> <i>Electricity Generation</i>	SDA	S1	2021	2030	tCO ₂ e/MWh	41.7%
<i>Corporate Loans:</i> <i>Other Long-term Lending</i>	<i>Temperature Rating</i>	S1&2	2021	2026	°C	2.64°C
<i>Corporate Loans:</i> <i>Other Long-term Lending</i>	<i>Temperature Rating</i>	S1&2&3	2021	2026	°C	2.75°C

2- Widespread cybercrime and cyber insecurity

Description

Cybercrime encompasses any criminal activity that involves a computer, network, or networked device. In today's world, cybersecurity has become increasingly vital especially for banking industry due to heightened security and regulatory requirements, escalating threats, and growing network infrastructures.

Impact

Yapı Kredi could face risks related to accessibility, integrity, and confidentiality due to the intensive use of information technologies in its operations. Through effective cybersecurity risk management and mitigation strategies, the Bank can eliminate security gaps and avert potential risks. Successfully managing technology

risks that may disrupt the Bank's operations enhances business continuity by swiftly addressing risk incidents, thereby preventing financial and reputational damage.

Mitigating actions

Yapı Kredi oversees its information systems and data security through established policies and procedures. Data is classified based on confidentiality, integrity, and availability values, with appropriate security measures implemented as needed. The Bank has developed controls for detecting and preventing data breaches. The Information Security Committee is responsible for the creation, revision, and enforcement of the bank's information security policies on behalf of the Board of Directors. Data exchanges with third-party entities at Yapı Kredi are monitored to ensure compliance with regulations and internal policies. The Bank provides all employees with training on information security awareness and the Personal Data Protection Law. It also disseminates cyber security bulletins and announcements to enhance staff awareness. Additionally, the Bank conducts round-the-clock surveillance to identify and thwart cyber threats. Security trail logs gathered from all systems are analysed using correlation rules, enabling the timely detection and mitigation of cyber events.

In the event of any cyber attack, in order to ensure business continuity at Yapı Kredi, an Information Technologies business continuity plan is developed and launched in line with the needs of customers and other stakeholders. Yapı Kredi determines the impact of potential incidents, develop appropriate recovery strategies and plans to ensure the continuity of products and services, and take necessary precautions through training, implementation, maintenance and review. Under the Business Continuity Management Plan, the Bank prepares and annually reviews the necessary plans to make the critical processes interrupted in the event of an emergency operational again within the specified recovery time target period. The Bank's Disaster Recovery Center is located in a different city, away from the Head Office locations, in order not to be subject to the same risks geographically, and is designed to back up all critical systems and data. Disaster recovery tests (transition tests from live environment to Disaster Recovery Center) and crisis simulation are carried out at least once a year. After extraordinary situations, lessons learned during the operation of the plan and procedures are reviewed and necessary updates are made, if any.

In addition, Yapı Kredi ensures business continuity by developing and implementing an Information Technologies Business Continuity Plan that aligns with the needs of customers and stakeholders. The Bank assesses the impact of potential incidents, devises suitable recovery strategies and plans to maintain the continuity of products and services, and implements necessary measures through training, execution, maintenance, and review. As part of the Business Continuity Plan, Yapı Kredi annually formulates and revises essential plans to restore critical processes disrupted during an emergency within the predetermined recovery time objectives. The Bank's Disaster Recovery Centre, situated in a different city from the Head Office to avoid identical geographical risks, is equipped to replicate all critical systems and data. Disaster recovery drills and crisis simulations are conducted at least annually. Following exceptional events, the Bank reviews the effectiveness of the plan and procedures, making updates where necessary.

Moreover, Yapı Kredi carries out a comprehensive information security awareness program for all employees. The program covers trainings, tests, announcements, and bulletins related to information security. Organized for the first time in 2021 as part of the information security awareness program, the Information Security Awareness Days are now held annually. In 2023, the third Information Security Awareness Days were held for the employees. During the event held in October, the Cyber Security Month in the world, the Bank's senior executives and speakers from the security sector shared information with the employees on various issues related to information security. Yapı Kredi plans to continue the Information Security Awareness Days events in 2024 and beyond.