



Welcome to your CDP Climate Change Questionnaire 2019

C0. Introduction

C0.1

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

Established in 1944 as Turkey's first private national bank with a focus on retail banking, Yapı Kredi is today the third largest private bank in Turkey with a consolidated asset size of TRY 373.4 billion. 81.9% of the Bank's shares are owned by Koç Financial Services A.Ş. (KFH), which is a 50%- 50% joint venture between the UniCredit Group and the Koç Group. The remaining 18.1% is publicly traded on Istanbul Stock Exchange. As one of Turkey's 10 most valuable brands thanks to its customer-oriented banking approach and innovative solutions, Yapı Kredi aims to enhance customer satisfaction in line with its principle of sustainable profitability. Yapı Kredi has a strong shareholding structure ensuring sustainable and profitable growth.

Factors such as climate change, globalizing economy and changing stakeholder expectations challenge the business community to act with awareness and responsibility, not only in financial matters but also in environmental, social and broad economic issues, and urges organizations to develop their business models in light of risks and opportunities in these areas. At Yapı Kredi, we evaluate impact of our business on sustainability and shape our business strategy in accordance with the requirements of sustainability policies. We seek ways of minimizing the potential negative impact of our operations on the environment, society and economy, and we continuously strive to create more added value for all our stakeholders and value chain. We draw on the sustainability experience of our main shareholders Koç Holding and UniCredit. We secure the positive momentum of our sustainability performance through measuring, monitoring, evaluation and reporting activities, which are continuously developed upon in terms of scope and efficiency. We also share our performance in this area with stakeholders through transparent and effective communication channels.

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
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Row 1	January 1, 2018	December 31, 2018	No
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C0.3

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

Turkey

C0.4

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

TRY

C0.5

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

Operational control

C1. Governance

C1.1

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

Yes

C1.1a

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

Position of individual(s)	Please explain
Director on board	Yapı Kredi's sustainability related issues are managed under the Sustainability Committee, established in 2014, co-chaired by a Board Member and Corporate Communications Director. Since Yapı Kredi takes sustainability issues very seriously, this responsibility is assigned to a board member based on relevant interest and experience. The main responsibilities of the Sustainability Committee are to formulate Yapı Kredi's sustainability strategy and policies in economic, social and environmental areas, to integrate this strategy and policies into the operations of the company, and to monitor the sustainability performance. The Sustainability Committee also includes COO, CFO, CRO, CSO and CPO as well as the AGMs of relevant departments. Meeting twice a year to monitor and guide developments with regard to sustainability, the Sustainability Committee reports annually to the Executive Committee and to the Board of Directors.

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 	<p>Yapı Kredi's environmental activities are supervised under the Sustainability Committee and the Committee is headed by a Director of the Board. The Sustainability Committee, created in 2014, also comprises the COO, CFO, CRO, CSO and CPO as well as the Assistant General Managers of relevant departments. The Committee reports to the Board and Executive Committee on annual basis.</p> <p>The Sustainability Unit, formed under Corporate Communications Management department, which directly reports to the Sustainability Committee, coordinates all sustainability related</p>

	<p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p>	<p>issues within Yapı Kredi. Sustainability Unit’s responsibilities include;</p> <ul style="list-style-type: none"> • Coordinating the Sustainability Working Group and subgroups, • Monitoring the groups’ performance and target realization, • Consolidating data, • Assessing and reporting implementation activities carried out with regard to Bank’s sustainability goals, • Handling internal and external sustainability communication <p>Following the Sustainability Unit’s briefs, Sustainability Committee reviews and guides Yapı Kredi’s sustainability strategy, plans of action implemented at the Bank following its decisions, risk management policies, sustainability expenditure, targets and objectives and overall sustainability performance. When necessary, the Sustainability Committee’s decisions are presented to the Board for their approval.</p> <p>An example to a business decision would be extension of the scope of our ESRA System for 2019 to cover all investment and project financing loan requests with a loan amount above US\$ 10 million regardless of maturity and include “Project Financing Consultancy” services within the ESRA System. This climate related business decision was taken by the Sustainability Committee and approved by the Board in 2018.</p>
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C1.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Sustainability committee	Both assessing and managing climate-related risks and opportunities	Half-yearly

C1.2a

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

Yapı Kredi's environmental activities are supervised under the Sustainability Committee and the Committee is co-headed by a Member of the Board and the Corporate Communications Director. The Sustainability Committee, created in 2014, also comprises the COO, CFO, CRO, CSO and CPO as well as the Assistant General Managers of relevant departments. The Committee reports to the Board and Executive Committee on annual basis.

The Sustainability Unit, formed under Corporate Communications Management department, which directly reports to the Sustainability Committee, coordinates all sustainability related issues within Yapı Kredi. Sustainability Unit's responsibilities include;

- Coordinating the Sustainability Working Group and subgroups,
- Monitoring the groups' performance and target realization,
- Consolidating data,
- Assessing and reporting implementation activities carried out with regard to Bank's sustainability goals,
- Handling internal and external sustainability communication

Following the Sustainability Unit's briefs, Sustainability Committee reviews and guides Yapı Kredi's sustainability strategy, plans of action implemented at the Bank following its decisions, risk management policies, sustainability expenditure, targets and objectives and overall sustainability performance.

When necessary, the Sustainability Committee's decisions are presented to the Board for their approval.

C1.3

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

Yes

C1.3a

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

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Recognition (non-monetary)

Activity incentivized

Environmental criteria included in purchases

Comment

Energy and emission management is among the business priorities of Yapı Kredi. Yapı Kredi Sustainability Principles, Environmental and Social Policy, and Responsible Procurement Policy documents demonstrate that emission reduction and mitigation of climate change are integrated in the company's strategy.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Other non-monetary reward

Activity incentivized

Efficiency project

Comment

We offer training courses and opportunities to ensure all employees fully understand and embrace these international management standards. In 2018, 56% of our employees at the ISO 14001 certified facilities received environmental and ISO 14001 trainings. Yapı Kredi incentivizes energy efficiency by its employees through these awareness raising activities.

Who is entitled to benefit from these incentives?



Energy manager

Types of incentives

Other non-monetary reward

Activity incentivized

Emissions reduction target

Comment

As energy and emission reduction targets are identified as part of the related staff's annual goals, achievement of these targets are being considered during the annual bonus evaluations.

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	Short-term horizon is considered as 0 to 1 year time period.
Medium-term	1	5	Mid-term horizon is considered as 1 to 5 years time period.
Long-term	5	10	Long-term horizon is considered as 5 to 10 years time period.

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	<p>There are two approaches defined for management of climate change risks and opportunities. Asset level approach considers loan portfolio in line with its Environmental and Social Risk Assessment (ESRA) System and company level approach considers operational activities in line with its Environmental Impact Assessment procedure.</p> <p>The Sustainability Committee, reporting to the Board of Directors, evaluates the environmental performance/risk of the Bank and takes both short and long-term decisions for improvement as needed. Convening twice a year future risks beyond 6 years are taken into consideration during these meetings.</p>

C2.2b

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

Yapı Kredi defines substantive financial or strategic impact as;

- 1) Financially; TRY 50m or higher losses or opportunity costs,
- 2) Reputational loss; significant loss of reputation among all stakeholders such as customers, employees, suppliers, strategic partners, leading to massive public reactions or media / social media crisis,
- 3) Operationally; system disruptions, service interruptions or failure to sustain operations due to the significant increase in the workload driven by social or environmental hazards,
- 4) Legally; disruptive consequences such as suspension of operations, licenses revocation or senior management condemnation driven by the breach of laws and legislation.



Yapı Kredi’s process for identifying climate-related risks of its indirect operations is based on its Sustainability Management System, including Environmental and Social Risk Assessment (ESRA) System. In line with the ESRA System, all investment and project finance loans with a loan amount above USD 20 million and 3 years maturity at least are subject to this assessment with regard to environmental and social aspects. This system proceeds to collect information such as customer and project risks; inform customers regarding necessary actions to be taken based on the project risk score and gather additional information if necessary.

Based on the outcomes of the Sustainability Management System, the Bank’s business decisions regarding loan agreements are made. Any project that does not comply with Yapı Kredi Banks Sustainability Management System and its Exclusion List is not financed.

In line with Environmental Management System, Yapı Kredi’s climate-related risks arising from its direct operations such as operational consumption are assessed in accordance with the Procurement of Internal Environmental Impact Assessment method. “Planning Risk and Opportunity Determination Form” follows risks originating from environmental effects. Environmental risks are determined by the Matrix Method (L-Type Matrix) method. This method is also used in other stages of the value chain. Accordingly, the environmental risks are graded by calculating the weight ratios with a 5 * 5 scoring system and necessary actions are taken.

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	<p>Inclusion in the climate related risk assessment: Yapı Kredi’s ESRA System includes all national regulations to reduce direct or indirect risks, which are caused by client’s activity. The requirements of Yapı Kredi Bank within its ESRA System are updated according to relevant regulatory frameworks.</p> <p>Company specific example: ESRA system includes Regulation on the Monitoring of Greenhouse Gas Emissions published on 17.05.2014, which aims to regulate the procedures and principles regarding the monitoring, reporting and</p>

		verification of the greenhouse gas emissions originating from certain activities.
Emerging regulation	Relevant, always included	<p>Inclusion in the climate related risk assessment: Yapı Kredi ensures its compliance with all national regulations in place with its internal policies. In its risk assessment system, necessary scenario analyses are performed and risk-based insurance management activities are undertaken to mitigate the respective risk.</p> <p>Company specific example: Yapı Kredi takes into account climate-related emerging regulations such as Emissions Trading System (ETS). Turkey is a candidate to EU accession and an emerging regulation might be Turkey's compliance with EU ETS directive.</p>
Technology	Relevant, always included	<p>Inclusion in the climate related risk assessment: Yapı Kredi gives priority to new technologies in projects within ESRA System to support mitigating climate related risks. As part of the ESRA System, Yapı Kredi requests the clients to use "good international industry practices", which include using the latest technologies in order to support resource efficiency.</p> <p>Company specific example: An example is investing in latest flue gas filter systems.</p>
Legal	Relevant, always included	<p>Inclusion in the climate related risk assessment: Yapı Kredi follows up any legal requests in order to reduce climate related risks with the help of ESRA System.</p> <p>Company specific example: ESRA System factors in legal permits such as Environmental Permit and License, and official letter and report for Environmental Impact Assessment (EIA) of clients while making decisions on loan disbursement.</p>
Market	Relevant, always included	<p>Inclusion in the climate related risk assessment: Market risks including shifting demands to certain sectors such as the renewable energy sector due to regulation, are considered in Yapı Kredi's lending assessment activities. If deemed necessary, Yapı Kredi requests a market report before financing a specific project.</p>

		<p>Company specific example: A climate related market risk would be losing the market share in the renewable energy sector.</p>
Reputation	Relevant, always included	<p>Inclusion in the climate related risk assessment: Yapı Kredi's reputational risks are assessed under Yapı Kredi Reputational Risk Policy which is based on Banking Regulation and Supervision Agency's "Guidance on Reputational Risk Management", international regulations, internal codes and UniCredit's group policy on managing reputational risk. Yapı Kredi's Reputational Risk Policy also covers climate change related reputational risks for example a reputational damage from financing certain projects including but not limited mining and fossil fuel power plant projects which do not comply with environmental requirements.</p> <p>Company specific example: In line with its Reputational Risk Policy, Yapı Kredi manages and monitors any reputational risk such as an environmental damage that might occur from its lending activities.</p>
Acute physical	Relevant, always included	<p>Inclusion in the climate related risk assessment: Yapı Kredi assesses environmental risks including climate change-related risks such as extreme weather events using an internal risk assessment methodology. Using such assessments, Yapı Kredi takes necessary actions to manage these risks.</p> <p>Moreover, Yapı Kredi's Business Continuity Management Policy is a guidance for minimizing operational risks. In addition to said policy, we ensure business continuity through the Contingency Plan, and Crisis Management and Business Recovery Plans.</p> <p>Company specific example: Yapı Kredi further invested in infrastructure to manage risks such as flooding and heat waves in 2018.</p>
Chronic physical	Relevant, always included	<p>Inclusion in the climate related risk assessment: Chronic physical risks stemming from climate change such as rising temperatures could impact Yapı Kredi's long-term business strategy. Yapı Kredi assesses the potential impacts of such environmental risks on its business using its ESRA System.</p> <p>Company specific example: For example, rising temperatures could impact the outputs of hydro power projects in</p>

		Turkey.
Upstream	Not relevant, explanation provided	Company specific explanation why the risk is not relevant: Upstream climate risks are not relevant for financial industry. They represent a small portion of total costs and none of products purchased from our business are subject to availability stress.
Downstream	Not relevant, explanation provided	Company specific explanation why the risk is not relevant: Downstream activities are not very relevant to the banking industry, most of our operations and services do not fall under this category.

C2.2d

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

Yapı Kredi has a robust identification and assessment process for climate related risks and opportunities in its direct and indirect operations, and it takes necessary actions to manage them accordingly. There are two approaches defined for management of climate change risks and opportunities. Asset level approach considers loan portfolio in line with its ESRA System and company level approach considers operational activities in line with its Environmental Impact Assessment procedure.

Physical risk: Possible increase in temperature levels will also increase energy consumption of the Bank which in return will add an additional cost to Yapı Kredi. This physical risk is managed by Yapı Kredi's Environmental Management System. As a result, Yapı Kredi takes necessary actions to invest in energy efficiency infrastructure and projects. In 2018, Yapı Kredi prevented 134.91 thousand tonnes of CO2 and other greenhouse gas emissions by upgrading the lighting systems across the Bank in 2018. Yapı Kredi also expects to save 273 MWh in energy by upgrading its heating and cooling systems.

Transitional opportunity: Turkey's transition to a low carbon economy is likely to result in increased regulations within the renewable energy sector. Renewable Energy Resources Support Mechanism Turkey (YEKDEM) encourages financing renewable energy projects. In the future, it is expected that the Turkish government will put in place a new support mechanism for financing renewable energy projects. In line with its ESRA System, Yapı Kredi identifies and categorizes projects depending on their environmental and social risks including climate change related risks. This process further facilitates loan disbursement for the renewable energy projects and clients which are environmentally and socially

low risk. Following YEKDEM, Yapı Kredi substantially increased its renewable energy portfolio. Moreover, Yapı Kredi further invested in green products to support the transition to low carbon economy. In 2018 Yapı Kredi provided Turkey's first Green Project Finance Loan to finance Akfen Yenilenebilir Enerji A.Ş.'s project to build four wind energy plants with a projected installed capacity of 275 MW. Along with Yapı Kredi, a total of six national and international banks are involved in the finance agreement, where loan pricing will be based on the performance assessment as per the Environmental and Social Assessment report to be prepared. This will encourage a high sustainability performance for the project over the lifetime of the loan.

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

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact

Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description

The Ministry of Environment and Urbanization has been undertaking a project with World Bank PMR for the Market Readiness for Carbon Markets. The project is finalized in May 2017. The final report of the project can be evaluated in a possible policy regulation towards carbon markets and mandatory carbon trading systems. This can in return change the demand for carbon intensive projects, resulting in a reduced demand for Yapi Kredi's goods and services towards carbon intensive industry loans.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

6,600,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Any new carbon market regulation may impose a financial cost to the projects Yapi Kredi finances.

Potential financial impact: While a carbon tax or an ETS has not yet been imposed, the fall of the demand for coal-fired power plant projects can cost as high as Yapi Kredi's total coal-fired power plant portfolio in project finance as of 2018 reaching nearly TRY 6.6 billion.

Management method

Action implemented: Yapı Kredi closely monitors the updated regulations and develops alternative business strategies for any possible new regulations. Additionally, Yapı Kredi has also launched a Sustainability Management System project. As a part of this system, Yapı Kredi's ESRA System monitors and manages environmental impacts which relies on regulations as well as IFC PS. The environmental-social risk assessment model is integrated to Yapı Kredi's overall sustainability strategy that involves climate change strategy as well. The cost of management is the establishment of the Sustainability Management System in Yapı Kredi.

Company example: In 2018, Yapı Kredi assessed 18 projects and allocated over US\$ 1 billion in loans to projects we assessed within the ESRA System.

Cost of management

350,000

Comment

Monitoring updated regulations and business development is a part of full time staff therefore it does not need additional management costs. Furthermore, the cost of the consultancy for the establishment of the environmental and social risk model is approximately TRY 350,000.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Rising mean temperatures

Type of financial impact

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

Company- specific description

Rising mean temperatures will lead to seasonal shifts and additional cooling/heating systems. In order to ensure comfortable working conditions for its employees Yapı Kredi takes necessary measures. Therefore, chronic change in temperatures will require further operational expenses.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

6,919,001.34

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In the 1-degree increase scenario, the median operational and general cost will increase.

Potential Financial Impact: To calculate potential financial impact of 1-degree increase scenario, there has been a projection study conducted on head offices' energy consumption values for 2018. This study took into consideration change of energy consumption cost from the previous year, change in business volume and number of employees. Estimated cost increase (TRY 6,919,001.34) is based on the assumption that same energy resources were used and unit price of these energy resources remained constant.

Management method

Action implemented: In order to compensate increased operational costs due to climate related risks, Yapı Kredi puts in place energy and resource efficiency projects.

Company specific example: For example in 2018, Yapı Kredi avoided 134.91 thousand tonnes of CO₂e greenhouse gas emissions by upgrading the lighting systems across the Bank. Yapı Kredi also expects to save 273 MWh in energy by upgrading its heating and cooling systems. The cost of management is calculated based on the investment made for resource efficiency. We expect a similar cost of management in the medium term.

Cost of management

346,000

Comment

The cost of management is based on 2018 energy efficiency projects.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Acute: Other

Type of financial impact

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

Company- specific description

Turkey is located in the Mediterranean Basin, which is among the regions that will be mostly affected by drought. Change in precipitation levels and droughts will have negative impacts on certain sectors such as agriculture, tourism, and renewables (mainly hydropower). Projects Yapı Kredi finances in these sectors will have increased risk potential, which can have a substantive financial impact on Yapı Kredi's business.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,200,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Potential financial impact is calculated based on the assumption that the demand for hydroelectric power plant projects will fall due to climate related risks such as droughts.

Potential Financial Impact Figure: The cost of the financial impact is calculated based on lenders technical advisory due diligence report, which states a possible 20% fluctuation of the hydroelectric power plant capacity because of climate change. Considering our total hydroelectric power plant portfolio in project finance as of 2018, this fluctuation's impact on our hydroelectric power plant portfolio is roughly TRY 2.2b.

Management method

Action implemented: In order to mitigate financial risks arising from climate related physical risks Yapı Kredi put in place its Environmental and Social Risk Assessment System (ESRA), which monitors and manages environmental impacts of its loans including efficient water usage in the hydroelectric power plants. These policies and measures can minimize risks arising from climate related physical risks such as droughts.

Yapı Kredi's ESRA System is placed under Yapı Kredi's Sustainability Management System that was implemented in 2017. The cost of management is consultancy costs for the implementation of the respective system.

Company example: In 2018, Yapı Kredi assessed 18 projects and allocated over US\$ 1 billion in loans to projects we assessed within the ESRA System.

Cost of management

350,000

Comment

The cost of management is an estimated number dating from 2017.

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

Turkey's transition to a low carbon economy is likely to result in increased regulations within the renewable energy sector. Renewable Energy Resources Support Mechanism Turkey (YEKDEM) encourages financing renewable energy projects. In the future, it is expected that the Turkish government will put in place a new support mechanism for financing renewable energy projects. Yapı Kredi has already grasped this opportunity to expand its renewable energy portfolio. The future support mechanism after YEKDEM is likely to result in continued appetite from Yapı Kredi for the renewable sector.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

17,000,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Regulatory incentives further increase the Bank's appetite for financing the renewable energy sector. In 2018 Yapı Kred provided TRY 17b to renewable energy projects. The impact of regulatory incentives can be as high as the Bank's total renewable investment portfolio.

Strategy to realize opportunity

Yapi Kredi is increasing its renewable energy and energy efficiency loan portfolio by adding alternative sources from international financial institutions in order to meet the increasing demand for such investments.

Company specific example: For example, the Bank has two credit lines with EIB specifically on climate change, signed in 2010 with maturity dates of 2026 and 2027.

The cost of realizing this opportunity is 0 because Yapi Kredi considers business development as a part of its daily business activities.

Developing climate friendly products is a fundamental part of this business development strategy. This is undertaken by the full-time staff of the Bank that does not require any additional costs of management.

Cost to realize opportunity

0

Comment

Yapi Kredi considers business development as a part of its daily business strategy. Developing climate friendly products is a fundamental part of this business development strategy. This is undertaken by the full time staff of the Bank that does not require any additional costs of management.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

Following the Paris Agreement international investments for climate change adaptation and mitigation activities rose. In 2018 climate financing by world's largest Multilateral Development Banks (MDBs) rose to \$43.1 billion. Accordingly, Yapi Kredi's access to capital for financing projects that address climate-related risks has increased.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3,600,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Our sustainability strategy brings competitive advantage when working with international financing institutions such as IFC, EIB, EBRD and Proparco. As a result of our effort to integrate climate change strategy into our business strategy, we are able to provide good financing options to our clients, an outstanding case, which makes us favourable among other competitors. For instance, in the last years, over TRY 3.6b has been utilized from IFIs under climate-related issues. Therefore, we can make the assumption that the financial impact of this opportunity can be as high as TRY 3.6b.

Strategy to realize opportunity

Yapı Kredi prioritizes offering “climate-oriented products” that support increasing the renewable energy capacity and energy efficiency in order to accelerate its collaboration with international financing institutions. For the continued collaboration Yapı Kredi ensures that it complies with the requirements of loan agreements. Furthermore, Yapı Kredi’s Sustainability Management System ensures that it offers an international standard environmental and social management system for its lending activities that are sufficient for its collaboration with IFIs.

Company specific example: For example in 2018 Yapı Kredi initiated a new collaboration with the French Development Agency (AFD) subsidiary Proparco by signing a new €25 million loan agreement with a 10 year maturity.

Yapı Kredi’s cost to realize opportunity is close to 0 because Yapı Kredi’s ESRA System is implemented by a full time staff of the Bank that does not require any additional costs of management and other expenses (e.g. documentation, translation) throughout the collaboration are negligible.

Cost to realize opportunity

0

Comment

Yapı Kredi’s cost to realize opportunity is close to 0, because Yapı Kredi’s ESRA System is implemented by a full time staff of the Bank that does not require any additional costs of management and other expenses (e.g. documentation, translation) throughout the collaboration are negligible.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

Today, investors are increasingly investing in green finance and financial actors are developing new sustainable financial products such as green bonds and green loans. In line with this trend, Yapı Kredi aims to increase its investment in these innovative products.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

319,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure



Green project finance loans are among the innovative green products. In 2018 Yapı Kredi has provided Turkey's first Green Project Finance Loan for a wind power plant project with a projected installed capacity of 275 MW. Yapı Kredi has disbursed nearly TRY 319 million to this project and therefore the opportunity's financial impact can be estimated as at least TRY 319 million.

Strategy to realize opportunity

In order to realize the opportunity of developing innovative green products, as a strategy Yapı Kredi gives incentives to projects that are contributing to climate change.

Company specific example: In the Green Project Finance Loan allocated by Yapı Kredi in 2018, Yapı Kredi based the loan pricing on the project's environmental and social performance.

The cost of management is 0 because incentivizing such projects which have already passed the credit risks assessment process does not entail additional cost for the Bank.

Cost to realize opportunity

0

Comment

The cost of management is 0 because incentivizing such projects which have already passed the credit risks assessment process does not entail additional cost for the Bank.

C2.5

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

	Impact	Description
Products and services	Impacted	As part of the transition to a low carbon economy, current regulation Renewable Energy Resources Support Mechanism ("YEKDEM") provides favors financing renewable energy projects. Our loan portfolio has already been positively impacted by the current incentive (opportunity).

		Magnitude: Renewable energy's share in the total energy portfolio is 52.8% for 2018, which can explain the magnitude of this impact.
Supply chain and/or value chain	Not impacted	Yapı Kredi identifies climate-related risks and opportunities to avoid possible reputational and financial impacts within its value chain. With regard to its indirect operations Yapı Kredi's ESRA System ensures that its clients manage their environmental and social impacts. In serious cases, the risk identified can lead a suspension of the project itself, but we have not had such experience so far.
Adaptation and mitigation activities	Impacted	<p>Climate change adaptation and mitigation activities include additional investment in renewable energy, green products and energy efficiency. As part of the mitigation activities, international development banks support projects that contribute to climate change mitigation. Our sustainability strategy brings competitive advantage when working with international financing institutions such as IFC, EIB, EBRD and Proparco. As a result of our effort to integrate climate change strategy into our business strategy, Yapı Kredi is able to provide good financing options to our clients, an outstanding case, which makes us favourable among other competitors.</p> <p>Magnitude: In the last years, over TRY 3.6b has been utilized from IFIs under climate-related issues.</p>
Investment in R&D	Impacted	<p>For the financial sector, R&D includes developing innovative sustainable products such as green loans, green bonds etc. Yapı Kredi has already been impacted by this opportunity, in 2018 Yapı Kredi's gave Turkey's first Green Project Finance Loan, which made up 6% of the loans disbursed under the ESRA System.</p> <p>Magnitude: So far, Yapı Kredi has disbursed TRY 319 million to this project.</p>
Operations	Impacted	<p>Climate related risks such as rising temperatures have an impact on the energy consumption of the company, which in return has an increasing impact on the operational expenditure.</p> <p>Magnitude: In 2018, we prevented 134.91 thousand tonnes of CO₂e greenhouse gas emissions by upgrading the lighting systems across the Bank in 2018.</p>

Other, please specify		
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C2.6

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

	Relevance	Description
Revenues	Impacted	<p>Description of impact on financial planning: As a result of transition to a low-carbon economy, current and emerging regulations in Turkey provide incentives to the renewable energy sector. In its financing activities, Yapı Kredi considers Renewable Energy Support Mechanism (YEKDEM), and this has increased its investments in renewable energy. Therefore, Yapı Kredi's regulatory considerations have had a positive impact on its total revenue.</p> <p>Magnitude: Currently, renewable energy constitutes 52.8% of Yapı Kredi's energy portfolio. In 2018 Yapı Kredi disbursed nearly TRY 17 billion to renewable energy.</p>
Operating costs	Impacted	<p>Description of impact on financial planning: Over the years, rising temperatures have resulted in increasing energy consumption at Yapı Kredi's facilities. In order to compensate this rise in energy consumption, Yapı Kredi began considering climate-related risks in its operating costs.</p> <p>Magnitude: Yapı Kredi invested TRY 346,000 for energy efficiency in its buildings and facilities.</p>
Capital expenditures / capital allocation	Impacted	<p>Description of impact on financial planning: Climate-related transition risks resulted in further investment in human capital at Yapı Kredi. In 2017, a Sustainability Management System was put in place to follow established procedures, develop tools and documentation necessary for the management method, and define roles and responsibilities concerning these procedures. This system also required creation of two new positions within the Bank in addition to two personnel under the Sustainability Unit.</p> <p>Magnitude: Yapı Kredi defines 'magnitude' as the personnel expenses of four full time employee (FTE) and consultancy</p>

		provided by a sustainability consultant to put in place the Sustainability Management System.
Acquisitions and divestments	Impacted	<p>Description of financial planning: Considering the market risks, Yapı Kredi has little appetite for investing in coal-fired power plant projects.</p> <p>Magnitude: In 2018, no coal fired power plant projects were assessed as part of the ESRA System which covers investment and project financing loan requests with a loan amount above US\$ 20 million and a maturity of at least three years.</p>
Access to capital	Impacted	<p>Description of impact on financial planning: In 2018 climate financing by world's largest Multilateral Development Banks (MDBs) rose to \$43.1 billion. This is an increasing trend, which has positively affected Yapı Kredi's access to capital for financing projects that address climate-related risks. Yapı Kredi therefore, considers increasing the share of these projects in its portfolio to further increase its access to capital via these institutions.</p> <p>Magnitude: In the last years, over USD 675.5 million has been utilized from IFIs under climate-related issues.</p>
Assets	Impacted	<p>Description of impact on financial planning: A bank's assets include cash, government securities and loans as well as its physical assets such as its buildings, branches etc. Recently investors are increasingly investing in green finance and financial actors are developing new sustainable financial products such as green bonds and green loans. While making decisions on its financial assets Yapı Kredi takes into consideration this trend. An example would be Yapı Kredi's Green Project Finance Loan to finance Akfen Yenilenebilir Enerji A.Ş.'s project to build four wind energy plants with a projected installed capacity of 275 MW.</p> <p>Magnitude: This project made up 6% of loans assessed and allocated in 2018 under the ESRA System. But as Yapı Kredi further invests in this area this percentage can increase.</p>

Liabilities	Impacted	<p>Description of impact on financial planning: A Bank's liabilities include mortgage payment for its buildings and branches, interest paid to customers for savings and certificates of deposits. Climate change can have a substantive impact on Yapı Kredi's liabilities if its clients fail to pay their loans, which in return will put Yapı Kredi at risk of paying its own liabilities. Hence, the potential to repay Yapı Kredi's future debts is factored into the financial planning while disbursing loans.</p> <p>Magnitude: The outputs of hydroelectric power projects can be affected by climate change. Hydroelectric power plant projects constituted 16% of loans disbursed to renewable energy projects in 2018.</p>
Other		

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.

Global climate change brings along high risks that concern various sectors. Accurately identifying the potential impacts of these risks and leading investments accordingly is of critical importance. As one of the major actors in the banking sector, Yapı Kredi assumes great responsibility in guiding financial resources to be used in the right areas. Yapı Kredi's Sustainability Committee headed by a Board Member and Director of Corporate



Communications ensures the integration of climate related issues to Yapı Kredi’s business objectives. The Committee reports to the Board of Directors and Executive Committee once a year.

Example of substantial business decision: In line with Yapı Kredi’s commitment to mitigate climate related concerns, Yapı Kredi put in place the Environmental and Social Risk Assessment System based on IFC Standards for its lending activities, which has a major impact on the way Yapı Kredi conducts its business. Two new positions were created to assess and monitor environmental and social impact of investment and project financing loan requests with a loan amount above US\$ 20 million and a maturity of at least three years that passed the initial screening according to our policies and the Exclusion List.

To contribute to GHG emissions reductions, our long-term goal is to continue to further improve our Environmental and Social Risk Assessment System to minimize our negative indirect impact and finance energy efficiency, renewable energy and afforestation projects. Moreover Yapı Kredi’s Environmental Management team has GHG emissions reduction targets stemming from Yapı Kredi’s direct operations.

C3.1d

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

Climate-related scenarios	Details
Nationally determined contributions (NDCs)	<p>Scenario identified with reference to the input, assumption and analytical methods used: Yapı Kredi relies on Turkey’s Intended Nationally Determined Contribution (INDC) submitted on 30 September 2019 for its scenario analysis. Turkey’s INDC puts into perspective Turkey’s current situation with regard to its climate change performance including its energy consumption. This scenario’s target is cutting 21% GHG emissions from Business as Usual (BAU) level by 2030, which will be compatible with the long term objective of below 2 degrees scenario. The methodology used in INDC set this target relies on IPCC 2013 KP Supplement and IPCC’s 4th Assessment Report. While taking into consideration the INDC document, Yapı Kredi relies on the updated IPCC’s 5th Assessment Report for Global Warming Potential values and its conversion factors to calculate its emissions.</p> <p>Time horizon: The implementation period for the INDC is 2021-2030. While taking into consideration the 2030 objective Yapı Kredi has been closely monitoring and implementing the regulatory and market trends arising from Turkey’s approach to combat climate change since Turkey’s submission of INDC in 2015.</p>

	<p>Organizational areas in scope: The scope of Turkey's INDC includes energy, industrial processes and product use, agriculture, land use, land use change and forestry, and waste sectors. In line with this scope, Yapı Kredi considers these sectors' impact in its corporate and commercial banking activities. Moreover, Yapı Kredi takes necessary measures in its real estate to comply with the future requirements of this scenario.</p> <p>Company specific description summary of the results of the conducted scenario analysis and how results of the scenario analysis have informed Yapı Kredi's business objectives and strategy: In line with the scenario analysis conducted, Yapı Kredi has an objective to reduce its emissions stemming from its direct and indirect operations. In 2017, Yapı Kredi put in place its Sustainability Management System, wherein an Environmental Management System for its direct operations and, an Environmental and Social Risk Assessment System for its lending activities were established. Moreover, Yapı Kredi continuously invests in its infrastructure to ensure energy efficiency in its direct operations.</p> <p>A study/case example: In accordance with INDC scenario Yapı Kredi further diverted its business to renewable energy projects. In 2018, renewable energy made 52.8% of its total energy portfolio.</p>
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C4. Targets and performance

C4.1

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

Absolute target

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 1+2 (location-based)

% emissions in Scope

95

Targeted % reduction from base year

15

Base year

2015

Start year

2018

Base year emissions covered by target (metric tons CO2e)

23,535.94

Target year

2025

Is this a science-based target?

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

% of target achieved

89.3

Target status

Achieved

Please explain

At Yapı ve Kredi Bankası, the total of scope 1 and scope 2 emissions in our Head Office buildings of 2015 was set as the base and a reduction target of 15% was set for 2025. In 2018, we managed to reduce the total of Scope 1 and Scope 2 emissions by 13.39% compared to the base



year. According to the Greenhouse Gas Protocol, the total annual greenhouse gas emissions in tCO₂e reported in scope 1 and scope 2 cover greenhouse gas emissions from energy consumption from fossil fuel sources for heating, generators to the fleet of commercial vehicles, refrigerants, CH₄ and N₂O and β-gases). Scope 3 emissions are not covered by our target.

C4.2

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

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO ₂ e savings in metric tonnes CO ₂ e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	5	134.91
Not to be implemented	0	0

C4.3b

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

Initiative type

Energy efficiency: Building services

Description of initiative

Other, please specify

This includes LED fixtures, energy-efficient cooling systems and halogen lamps

Estimated annual CO2e savings (metric tonnes CO2e)

134.91

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

113,807

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

346,260

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

We have added all 3 initiatives (LED lightings, energy-efficient cooling systems and halogen lamps) together into one row in our calculations since we were unable to effectively segregate the annual cost savings from each initiative.

C4.3c

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

Method	Comment
Compliance with regulatory requirements/standards	Compliance with the local legislation such as Energy performance of buildings and Law on Energy Efficiency is a driving force for Yapı Kredi to conduct energy efficiency studies in buildings. Details of projects with regard to energy efficiency are provided in section C4.
Employee engagement	Yapı Kredi Sustainability Committee together with Sustainability Working Group, its sub-working groups and CSR & Sustainability Unit work towards enhancing Yapı Kredi's sustainability performance. Climate change constitutes one of the material sustainability issues of Yapı Kredi, therefore, comprehensive studies are being conducted to improve Yapı Kredi's climate-related performance. Awareness raising activities for employees are conducted to serve for behavioural change. Additionally, Yapı Kredi has established the Sustainability Management System. The system is under operation since the end of 2017's first quarter. The system involves identifying risks and opportunities to define targets, screening environmental and social risks of the Bank's direct and indirect impacts, and combat global warming and climate change.
Financial optimization calculations	Yapı Kredi attaches great importance to energy saving projects. These projects ensure CO2e emission reductions as well as cost efficiency. Details of projects with regard to energy efficiency are provided in section C4. There are additional energy efficiency projects which are planned to be implemented.

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

Product

Description of product/Group of products

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

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

Low-carbon product

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

Other, please specify

Yapı Kredi's own taxonomy

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

6

Comment

This percentage includes the respective Green Project Finance Loan's share in the loans allocated in 2018, which fall under the scope of the ESRA System.

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, 2015

Base year end

December 31, 2015

Base year emissions (metric tons CO₂e)

9,494.17

Comment

The base year Scope 1 emissions are 9,494.17 CO₂e

Scope 2 (location-based)

Base year start

January 1, 2015

Base year end

December 31, 2015

Base year emissions (metric tons CO₂e)

15,480.62

Comment

The base year Scope 2 emissions are 15,480.62 CO₂e

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

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.

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

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

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

5,593.42

Start date

January 1, 2018

End date

December 31, 2018

Comment

Scope 1 emissions are 5,593.42 CO2e

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 have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

We are reporting location based figure for our Scope 2 emissions

C6.3

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

Reporting year

Scope 2, location-based

15,813.17

Start date

January 1, 2018

End date

December 31, 2018

Comment

Scope 2 emissions are 15,813.17 CO2e

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?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Electricity consumption from staff housing of Bayramoğlu Eğitim Tesisler

Relevance of Scope 1 emissions from this source

No emissions from this source

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why this source is excluded

We have excluded this from our scope since the housing facilities for the Bayramoğlu Eğitim Tesisler location include employees and their families.

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

914.56

Emissions calculation methodology

2018 Defra Greenhouse Gas Emissions Factors (Material use - Paper)

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

100

Explanation

Within the scope of this calculation, only paper consumption was taken into account. The overall paper consumption in our banking operations was nearly 957 MT (corresponding to 914.56 tCO2e).

Capital goods

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

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

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

4,243

Emissions calculation methodology

2018 Defra Greenhouse Gas Emissions Factors (Business travel- air)

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

100

Explanation

Within the scope of this calculation, only business flights were taken into account. The emissions from domestic flights were nearly 2,054 tCO2e, from short-haul flights were nearly 1693 tCO2e and from long-haul flights were nearly 496 tCO2e.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

8,496.54

Emissions calculation methodology

IPCC 2006 Guidelines for National Greenhouse Gas Inventories

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

100

Explanation

Scope 3 greenhouse gas emissions resulting from shuttle buses used for employee transportation have been categorized as emissions of employee commuting. We used the "Lower Thermal Values of Energy Resources and Conversion to Oil Equivalents" table prepared by the

Ministry of Energy and Natural Resources. The total emissions from employee commuting based on the IPCC 2006 Guidelines for National Greenhouse Gas Inventories were found to be nearly 8,496.54 tCO₂e.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Use of sold products

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Franchises

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Investments

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Explanation

Yapı Kredi does not have such an emissions source within Scope 3. Therefore, emissions from this source are zero.

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

0.0000010185

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

21,406.58

Metric denominator

unit total revenue

Metric denominator: Unit total

20,037,000,000

Scope 2 figure used

Location-based

% change from previous year

27.21

Direction of change

Decreased

Reason for change

1. In 2018 Yapı Kredi invested in energy efficiency projects such investing in LED lighting systems. On the other hand Yapı Kredi's total revenue increased by nearly 45.42%. The emissions' increase is caused by the increase in our business volume. Hence, our energy intensity (by unit total revenue) decreased by around 27.21%.

2. The total revenue used for calculations of emissions intensity (by unit total revenue) in the 2018 CDP response was TRY 137,790,000 whereas the actual revenue was TRY 13,779,000,000. This was a typographical error.

Intensity figure

1.177

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

21,406.58

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

18,183

Scope 2 figure used

Location-based

% change from previous year

6.42

Direction of change

Increased

Reason for change

1. In 2018, we enhanced our investments in energy-efficient lighting systems such as LEDs and halogen lamps, leading to a marginal increase in our Scope 1 & 2 emissions. However, our employee headcount saw a slight decrease. Hence, our energy intensity (by FTE) increased by around 6.42%.

2. The emissions intensity (by FTE) for the 2018 reponse was miscalculated. The emissions intensity (by FTE) for 2018 was 1.106 tCO₂e/FTE.

C7. Emissions breakdowns

C7.1

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

Yes

C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO ₂ e)	GWP Reference
CO ₂	4,139.65	IPCC Fifth Assessment Report (AR5 – 100 year)
CH ₄	9.89	IPCC Fifth Assessment Report (AR5 – 100 year)
N ₂ O	13.64	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	1,430.24	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 CO ₂ e)
Turkey	5,593.42

C7.3

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

By facility

By activity

C7.3b

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

Facility	Scope 1 emissions (metric tons CO ₂ e)	Latitude	Longitude
Plaza D Block	2,061.23	41	29

Banking Base	3,122.95	40	29
Bayramoğlu Education Facilities	226.63	40	29
Darıca Archive Facilities	160.82	40	29
Yapı Kredi Yeniköy Facilities	21.79	41	29

C7.3c

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

Activity	Scope 1 emissions (metric tons CO2e)
Natural gas boiler	3,210.37
Transportation	830.78
Cooling units	1,430.24
Generators	122.03

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)
Turkey	15,813.17	0	31,948.06	0

C7.6

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

By facility

By activity

C7.6b

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

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Plaza D Block	3,137.81	0
Banking Base	12,061.48	0
Bayramoğlu Education Facilities	209.29	0
Darıca Archive Facilities	336.26	0
Yapı Kredi Yeniköy Facilities	68.33	0

C7.6c

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

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Electricity	15,813.16	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	0	No change	0	In 2018, Yapı Kredi did not purchase renewable energy. However, within the scope of climate change strategies, there are studies to purchase renewable energy.
Other emissions reduction activities				
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other	985.31	Increased	4.8	<p>a. 2018 gross scope 1 and scope 2 emissions equal to 21,406 tCO2e.</p> <p>b. 2017 gross scope 1 and scope 2 emissions equal to 20,421 tCO2e.</p> <p>c. Year on year increase in gross scope 1 and scope 2 emissions is 985 tCO2e. This change represents 4.8% increase from last year.</p>

				d. We have not used any pro-rated or average values in our calculations of Scope 1 and Scope 2 emissions.
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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)	LHV (lower heating value)	0	19,376.81	19,376.81
Consumption of purchased or acquired electricity		0	31,948.06	31,948.06
Total energy consumption		0	51,324.87	51,324.87

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

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

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

15,849.03

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

15,849.03

Comment

Total energy consumption from natural gas was 15,849.03 MWh.

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

3,416.67

MWh fuel consumed for self-generation of electricity

3,416.67

MWh fuel consumed for self-generation of heat

0

Comment

Total energy consumption from diesel was 3,416.67 MWh.

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

111.11

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

111.11

Comment

Total energy consumption from motor gasoline was 111.11 MWh.

C8.2d

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

Diesel

Emission factor

74.1

Unit

kg CO2 per GJ

Emission factor source

IPCC FIFTH ASSESSMENT REPORT, 2014 (AR5)

Comment

Motor Gasoline

Emission factor

69.3

Unit

kg CO2 per GJ

Emission factor source

IPCC FIFTH ASSESSMENT REPORT, 2014 (AR5)

Comment

Natural Gas

Emission factor

56.1

Unit

kg CO2 per GJ

Emission factor source

IPCC FIFTH ASSESSMENT REPORT, 2014 (AR5)

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

No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type

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

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

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

Comment

Yapı Kredi's electricity is purchased from the main grid. There were no purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor.

C9. Additional metrics

C9.1

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

C10. Verification

C10.1

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

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

C10.1a

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

Limited assurance

Attach the statement

 2018_YAPI KREDİ 14064_Sertifikası.pdf

 2018_YAPI KREDİ_14064_Verification Report_09.07.2019.pdf

Page/ section reference

The confirmation opinion is on page 9.


Verification information is given on page 7.


Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

 2018_YAPI KREDİ 14064_Sertifikası_08.07.2019.pdf

 2018_YAPI KREDİ_14064_Verification Report_08.07.2019 approved.pdf

Scope

Scope 1

Verification or assurance cycle in place

Annual process


Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Yapi Kredi SR 2018 Limited Assurance Statement 28 Haziran 2019.pdf

Page/ section reference

1/Independent Limited Assurance Statement

Relevant standard

ISAE3000

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

Limited assurance

Attach the statement

 Yapı Kredi SR 2018 Limited Assurance Statement 28 Haziran 2019.pdf

Page/ section reference

1/Independent Limited Assurance Statement

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope

Scope 3- at least one applicable category


Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

 Yapı Kredi SR 2018 Limited Assurance Statement 28 Haziran 2019.pdf

Page/section reference

1/Independent Limited Assurance Statement

Relevant standard

ISAE3000




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	Other, please specify GHG Emissions Intensity	ISAE 3000	GHG Emissions Intensity (by FTE) was verified by KPMG.  1
C9. Additional metrics	Other, please specify Waste by type and disposal method	ISAE 3000	Waste by type and disposal method was verified by KPMG.  1
C9. Additional metrics	Other, please specify Water withdrawal by source	ISAE 3000	Water withdrawal by source was verified by KPMG.  1

C1. Governance	Other, please specify Non-compliance with environmental laws and regulations	ISAE 3000	Total environmental protection expenditures and investments were verified by KPMG 📎 ₁
C10. Verification	Other, please specify The Direct Water Footprint Inventory Report	ISO 14046:2014	The Direct Water Footprint Inventory Report 📎 _{2,3}

📎₁Yapı Kredi SR 2018 Limited Assurance Statement 28 Haziran 2019.pdf

📎₂YAPI KREDI FINAL _WFP_REPORT_1.0_03072019_approved_signed_2018.pdf

📎₃YAPIKREDI_WFP_011_Certificate of Conformity_2018.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

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

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

Yapı Kredi purchased Gold Standard (GS) certified voluntary emission reduction rights (carbon certificates) for 3,138 tonnes of CO₂e generated by the Mut Wind Power Plant in Mersin, cancelling out the indirect greenhouse gas emissions of the Yapı Kredi Head Office Plaza D Block in 2018.

Verified to which standard

Gold Standard

Number of credits (metric tonnes CO₂e)

3,138

Number of credits (metric tonnes CO₂e): Risk adjusted volume

3,138

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

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

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

Climate change is integrated into supplier evaluation processes

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

Yapı Kredi is committed to act responsibly and promote its principle of creating sustainable value across the entire supply chain in its procurement processes as well as in all its operations. Yapı Kredi supports all its suppliers in ensuring compliance with its environmental, social and human rights criteria, considering the pioneering approaches and policies of its main shareholders, Koç Holding and UniCredit, which form an integral part of its corporate identity. Yapı Kredi also ensures all its procurement processes are in line with its Sustainability Principles. With an aim to contribute to the local economy, Yapı Kredi gives precedence to local suppliers in its procurement processes.

Impact of engagement, including measures of success

The impact of the engagement is compliance of all our suppliers with Yapı Kredi's sustainability values indicated in our Responsible Procurement Policy (https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/investor-relations/governance/corporate-governance/Responsible_Procurement_Policy.pdf?v1)

In this regard Yapı Kredi:

- Gives priority to the selection of suppliers in the procurement processes who are competitive and offer high quality services, have a high reputation in the market and the ability to determine and manage their own risks,
- Shows maximum effort to minimize the environmental and social effects of the products and services it purchases throughout their life cycle,
- Encourages all its suppliers to comply with Yapı Kredi's environmental, social and human rights criteria.

Yapı Kredi measures the success of its Responsible Procurement Policy by the number of suppliers failing to comply with it in a given reporting year. In cases of non-compliance, Yapı Kredi asks the concerned suppliers to take corrective actions. If required Yapı Kredi may terminate the commercial relations with suppliers that do not embrace the compliance process and/or fail to make the necessary changes within the specified period. In 2018, there were no suppliers who failed to comply with our Responsible Procurement Policy and hence no contracts were terminated.

Comment

Yapı Kredi also provides ISO 14000 trainings to certain suppliers. In 2018 we provided these trainings to 570 employees of subsidiaries and 360 employees of subcontractors.

C12.1b

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

Type of engagement

Other, please specify

Requiring compliance with Yapı Kredi's ESRA System

Details of engagement

% of customers by number

100

% Scope 3 emissions as reported in C6.5

0

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

All customers requesting investment and project financing loans with a loan amount at least US\$ 20 million and a maturity of at least three years that passed the initial screening according to our policies and the Exclusion List have to comply with our ESRA System. The reason for selecting this group of clients is due the respective projects' high impact on the environment and the high value of the loan disbursement. The percentage of customers include all customers that fall under this category.

Impact of engagement, including measures of success

The impact of the engagement strategy is customers' compliance with the requirements as identified in our ESRA System, which minimizes negative environmental and social impacts. Measures of success are determined during the site visits to in-progress moderate-high-risk projects and relevant follow-up documentations are prepared. Results from implementation of the ESRA System are reported on an annual basis and disclosed within a year after the end of the reporting period. Implementation results are presented at the annual Sustainability Management System Evaluation Meeting.

C12.1c

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

Other partners:

In addition to Yapı Kredi's engagement on climate change with its customers and suppliers, Yapı Kredi also engages with regulators and other stakeholders such as NGOs that support sustainability in general and climate-related issues in particular.

Company specific description of climate related engagement strategy with other partners in the value chain:

Yapı Kredi is an active member of TUSIAD's (Turkish Industry and Business Association) Climate Change Working Group, TUSIAD is a business association that facilitates businesses' engagement with regulators. Within aforementioned working group, Yapı Kredi further supports regulations that promote and encourage climate-related sustainable practices.

Yapı Kredi is also an active member of Global Compact Network Turkey's Sustainable Banking and Finance Working Group. Within this working group, Yapı Kredi supports activities that promote sustainable finance and Yapı Kredi has been participating in experience sharing visits to other Global Compact Networks in Europe.

A case example:

In 2017 Yapı Kredi along with 6 national banks signed the "Global Compact Turkey Declaration of Sustainable Finance". The Declaration's 6th principle requires the signatory banks to improve the document annually. Every year Yapı Kredi contributes to the improvement of this declaration within the working group and encourages non-signatory banks in Turkey to join to the initiative, which lays the ground for combatting climate change in the sector.

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?

Trade associations

Other

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

The Banks Association of Turkey (TBA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Yapı Kredi's CEO is a board member of the Banks Association of Turkey (TBA). TBA aims to develop and support good practices in the banking industry among its members. Yapı Kredi is an active member of the "Role of the Financial Sector in Sustainable Growth" Working Group at TBA. The aim of the respective working group is to create a general framework for banks to consider the environmental and social dimensions of their lending activities and other services. The working group has issued a sustainability guidance manual, which is publicly available to all financial institutions in Turkey in Turkish and English for Banks to integrate climate change management into their governance structure.

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

As the active member of Role of the Financial Sector in Sustainable Growth Working Group, Yapı Kredi is involved in the activities of the working group in order to set a sectoral framework considering environmental and social dimensions of the sector's activities, accordingly Yapı Kredi also provides input for the research conducted within the working group.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Support for WWF Turkey's Soul Campaign: Yapı Kredi establishes partnerships in the field of sustainability with various stakeholders including civil initiatives, NGOs, universities, and public agencies. In this context, Yapı Kredi has been supporting the World Wildlife Fund's (WWF) "Turkey's Soul" campaign since 2014, which aims to raise awareness on Turkey's bio-diversity and generate funds for projects aiming to preserve natural resources. The campaign includes a grant fund created by donations from individuals and organizations, and channelled towards NGOs for implementing their projects on environmental preservation.

Support for WWF's Earth Hour Campaign: Each year Yapı Kredi participates in the Earth Hour movement to raise awareness of all stakeholders on climate change. Yapı Kredi participates in the global movement by turning off all lights in its head office buildings, with the exception of security areas, for one hour. The Bank conducts internal communication efforts to encourage employees to participate personally as well.

UN Global Compact: Yapı Kredi acts in full compliance with environmental laws and regulations and accepts the main principles and norms stated by the UN Global Compact, also signed by its main shareholders Koç Holding and UniCredit, as well as the responsibilities and obligations stemming from it.

UNEP FI: In order to strengthen its commitment towards sustainable development Yapı Kredi joined the United Nations Environment Programme Finance Initiative (UNEP FI) by signing the Environment and Sustainable Development Statement. As being a global joint effort, UNEP FI plays a key role in the development of policies and tools that are designed to enable the finance sector manage its environmental and social risks.

In 2017, we became a signatory to the Global Compact Network Turkey's Declaration of Sustainable Finance, thereby taking a significant step towards integrating sustainability criteria into our loan allocation policies and raising awareness about responsible financing. Since then, we are contributing to the development and dissipation of the Declaration.

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?

Yapı Kredi Sustainability Committee is the highest authority that manages the decision-making processes of activities in the field of sustainability. The committee meets twice a year to monitor and guide developments with regard to sustainability. Within the scope of the monitoring efforts, direct and indirect activities are evaluated in terms of their consistency with the overall climate change strategy.

Yapı Kredi Sustainability Working Group and its sub-working groups, formed with participation of relevant departments in various areas of expertise, work for putting the Sustainability Committee's decisions into practice. Sustainability sub-working groups focus on matters below:

- Direct Environmental Impacts
- Indirect Environmental Impacts
- Responsible Procurement
- Human Rights
- Anti-Bribery and Anti-Corruption
- Sustainable Products

Corporate Social Responsibility (CSR) and Sustainability team coordinates the activities of the Sustainability Working Group and works in cooperation with other departments to execute the decisions taken by the Committee. Data consolidation, goal and performance follow up and, compliance with corporate sustainability policies (including climate change policy) are monitored by the CSR unit and reported regularly to the Committee.

Yapı Kredi has also established its Sustainability Management System with the objective of conducting all operations in compliance with the principles of sustainability, and at the same time, to shape its corporate governance structure in accordance with these principles. As a part of this system, its direct and indirect activities are monitored and managed in terms of their environmental risks and impacts. This procedure is a part of the Bank's overall sustainability strategy that includes climate change strategy as well.

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

 Sürdürülebilirlik_Raporu_2018_29.07.2019.pdf

Page/Section reference

6-21/ About Yapı Kredi, Corporate Governance

22-33/ Our Financial Capital

60-68/ Our Natural Capital

76-100/ Performance Tables, GRI Content Index

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Comment

You may find annual Sustainability and CDP Reports via <https://www.yapikredi.com.tr/en/sustainability/reports>


Publication

In mainstream reports

Status

Complete

Attach the document

 2018_annual_report_eng.pdf

Page/Section reference

4-5/ YAPI KREDİ CORPORATE SOCIAL RESPONSIBILITY PROJECTS

52-57/ CORPORATE SOCIAL RESPONSIBILITY

Content elements

Governance

Strategy

Comment

You may find our annual report via https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/investor-relations/2018_annual_report_eng.pdf?v3

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.

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	CEO	Chief Executive Officer (CEO)

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