

C0. Introduction

C0.1

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

**Yapı Kredi at a Glance**

Yapı Kredi, established in 1944 as Turkey’s first retail focused private bank with a nationwide presence, is the 3rd largest private bank in Turkey with total assets worth TRY 411 billion as of the end of 2019. Yapı Kredi has always played a pioneering role in the banking sector and has been sustainably strengthening its market positioning through a customer-centric approach and focus on innovation. The Bank serves its customers with its 846 branches covering all regions of Turkey and 16,631 employees. Yapı Kredi delivers its products and services via its advanced Alternative Delivery Channels (ADCs) that comprise 4,330 ATMs, innovative internet banking, leading mobile banking, 3 call centers and approximately 709 thousand POS terminals.

Yapı Kredi is a fully integrated financial services group supported by its domestic and international subsidiaries. Yapı Kredi serves its customers through retail banking (comprising of individual banking, Small and Medium Size Enterprises (SME) banking and card payment systems, private banking and wealth management), as well as corporate and commercial banking. The Bank’s operations are supported by domestic subsidiaries in asset management, brokerage, leasing and factoring as well as international banking subsidiaries in the Netherlands, Malta and Azerbaijan.

**Strategy**

Yapı Kredi aims to ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees. Yapı Kredi’s strategy is being a customer centric commercial bank driven by cutting edge technology and committed workforce, delivering responsible growth. In its activities Yapı Kredi espouses a corporate governance concept built on integrity, responsibility and accountability, and operates on its five values; freedom, respect, fairness, transparency and trust.

**Sustainability**

Yapı Kredi believes economic sustainability cannot be achieved without social and environmental sustainability, therefore its sustainability approach is integral and comprehensive. In 2017 Yapı Kredi launched its Sustainability Management System (SMS) that allowed the Bank to further integrate sustainability to its business strategy. As part of the SMS Yapı Kredi launched its Environmental Management System and Environmental and Social Risk Assessment System.

While managing its impact on environment and society, Yapı Kredi also aims to contribute to sustainable development of society and transition to a low carbon economy. To that end, Yapı Kredi targets to increase its products and services that drive innovation, sustainability and profit.

Yapı Kredi pursues its activities with the vision of responsible growth that creates value for all the segments, while monitoring implications for all stakeholders. Yapı Kredi regularly engages with its stakeholders to understand their needs and expectations from the Bank. Yapı Kredi’s stakeholders are including but not limited to customers, employees, investors, regulators, civil society and academia.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

C0.3

**(C0.3) Select the countries/areas 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 chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Bank lending (Bank)

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. 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 as well as the AGMs of relevant departments. Ideally meeting twice a year (at least once 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. As the co-chair of the Sustainability Committee, the aforementioned director on the Board is responsible for climate-related issues. Climate Related Decision Made By the Individual: In 2019 Yapı Kredi decided to conduct a study on Task Force on Climate Related Financial Disclosures with the suggestion of the Director on Board in the Sustainability Committee.

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</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>Climate-related risks and opportunities to our other products and services we provide to our clients</p> <p>The impact of our own operations on the climate</p> <p>The impact of our bank lending activities on the climate</p>	<p>Yapı Kredi's environmental activities are supervised under the Sustainability Committee and the Committee is co-chaired by a Director of the Board. The Sustainability Committee, created in 2014, also comprises the COO, CFO, CRO, 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. Annually Sustainability Committee monitors the outcomes of the Environmental Management System (impact of Yapı Kredi's own operations) and Environmental and Social Risk Assessment System (impact of Yapı Kredi's lending activities). Moreover in 2019, the Committee discussed the impact of plastic consumption of Yapı Kredi's operations, and climate related opportunities of certain products and services were presented to the attention of the Sustainability Committee.</p>

**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)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Sustainability committee	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	<p>Risks and opportunities related to our bank lending activities</p> <p>Risks and opportunities related to our other products and services</p> <p>Risks and opportunities related to our own operations</p>	Annually

**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, as well as the Assistant General Managers of relevant departments. The Committee reports to the Board and Executive Committee on annual basis.

**Responsibilities of the Sustainability Committee:** Yapı Kredi's Sustainability Committee is the highest governing body in Yapı Kredi regarding sustainability in general and climate related issues in detail. Following the Sustainability Unit's briefs that is working under Corporate Communications Managements, 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. Ideally Sustainability Committee meets twice a year (at least annually) to monitor the progress on the overall sustainability and climate related matters including the impact of Yapı Kredi's operations, and of its lending activities. When necessary, the Sustainability Committee's decisions are presented to the Board for their approval.

**Rationale for the Assignment of Climate Related Responsibilities to the Sustainability Committee and Members' Role Description:** Due to the strategic importance attached to sustainability, Sustainability Committee is co-chaired by a Director on Board and high level executives of each relevant department within the Bank. COO (who joins the Committee on ad hoc basis) and CFO contribute to integrate sustainability matters to the overall business strategy. Yapı Kredi's Sustainability Committee consist of a Board Member, CFO, Corporate Communications Director, CRO, Human Resources AGM, Corporate and Commercial Credits AGM, Compliance and Internal Control AGM, Retail Banking AGM, Corporate Banking Sales EVP and Logistics and Procurement EVP. Yapı Kredi's overall sustainability coordination is under the responsibility of the Corporate Communications Director under whom the Sustainability Unit works. Sustainability Unit reports directly to the Sustainability Committee on Yapı Kredi's overall sustainability/climate related KPIs and targets. In order to better manage risks and impacts of climate related matters of Yapı Kredi's banking/lending activities CRO and relevant banking activity AGMs (Credits, Corporate Banking, Retail Banking) are part of the Committee. Moreover, for the operational direct impact of Yapı Kredi, Logistics and Procurement Department is represented within the Committee at the highest level. Compliance and Internal Control AGM is responsible for the compliance with the environmental laws and the regulations and Human Resources AGM is responsible for the environmental trainings provided to employees.

**C1.3**

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	No additional comment

**C1.3a**

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

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Other, please specify (Environment Specialist)	Monetary reward	Emissions reduction target	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. (Please note that there are two environmental specialist, therefore there two different staff incentivised)
Other, please specify (Environment Specialist )	Monetary reward	Emissions reduction target	As 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. (Please note that there are two environmental specialist, therefore there two different staff incentivised)
Other, please specify (Sustainability Specialist)	Monetary reward	Company performance against a climate-related sustainability index	As company performance against a climate related sustainability indices are identifies as part of the related staff's annual goals, achievements of these targets are being considered during the annual bonus evaluations.
All employees	Non-monetary reward	Behavior change related indicator	As part of Yapı Kredi's efforts to transition to zero waste system in Yapı Kredi headquarters, all employees working in the head offices are incentivised to recycle and reduce their waste. Moreover during special days such as "Green Consumer Day" all employees received emails suggesting on how to live sustainably including suggestions on how to reduce energy consumption in their daily lives.

**C-FS1.4**

**(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?**

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	No	

## C2. Risks and opportunities

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### C2.1

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**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

### C2.1a

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**(C2.1a) How does your organization define short-, medium- and long-term time 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.

### C2.1b

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**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

Yapı Kredi defines **substantive financial or strategic impact** as;

- 1) Financially; 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 identifies its climate related risks stemming from its operational activities based on Internal Environmental Impact Assessment method that uses L-Type Matrix method. L-Type Matrix method grades environmental risks by calculating weight ratios with a 5\*5 scoring system. As a result of this assessment any situation that falls under Yapı Kredi's substantive financial or strategic impact definition (provided above) would be considered climate related substantive financial or strategic impact resulting from Yapı Kredi's operational activities.

Yapı Kredi's its climate related risks stemming from its financing activities are determined by credit risk assessment process including Yapı Kredi's Environmental and Social Risk Assessment (ESRA) System that is based on IFC Environmental and Social Performance Standards and local legislation. As part of ESRA System, projects/investments are classified into their risk categories; high, (A), medium (B) and low risk (C). After this assessment any project/investment that falls under the **substantive financial or strategic impact** definition (defined above) would be considered climate related substantive financial or strategic impact.

### C2.2

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

**Value chain stage(s) covered**

Direct operations

**Risk management process**

A specific climate-related risk management process

**Frequency of assessment**

More than once a year

**Time horizon(s) covered**

Short-term

Medium-term

Long-term

**Description of process**

Process used to determine which risks and /opportunities could have substantive financial or strategic impact: 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. Moreover, risk department monitors certain KRIs to manage operational risks, whereas compliance department monitors all regulatory changes including the Environmental Law and related regulations. As a result of Internal Environmental Impact Assessment and monitoring activities any incident that might financially, reputationally, operationally or legally cause disruption as defined in the question 2.1.b would be considered climate related substantive financial or strategic impact. Physical Risk Case Study: As part of its Internal Environmental Impact Assessment method occurrence probability of acute physical risks such as flooding and cyclones are considered. If as a result of this assessment any substantive physical risk that for instance cause business disruption in the branches is detected, certain climate adaptation investments are made such as renovating the buildings located in high risk regions. Transitional Risk Case Study: Yapı Kredi's regulatory experts team of the Bank closely monitors these regulatory changes that have a direct impact on business processes, which include environmental regulations such as waste management requirements. A case example would be regulation on transition to zero waste system in the offices. The required changes are assessed, interpreted, analyzed with respect to their implications by the regulatory, legal and other units, upon which professional associations and legal authorities are contacted as and when necessary. Through close collaboration of related business units, impact analysis is conducted, necessary decisions for bringing processes and business models into compliance with the regulations are jointly and quickly adopted with the related units. As a result of the related planning processes, full regulatory compliance is achieved.

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**Value chain stage(s) covered**

Downstream

**Risk management process**

Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**

More than once a year

**Time horizon(s) covered**

Short-term

Medium-term

Long-term

**Description of process**

Process used to determine which risks and /opportunities could have substantive financial or strategic impact: Yapı Kredi's process for identifying risks of its financing activities, including climate-related risks, are evaluated in credit risk assessment process that comprises Environmental and Social Risk Assessment (ESRA) System. In line with the ESRA System, all investment and project finance loans with an investment amount above USD 10m 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. This assessment allows Yapı Kredi to determine environmental and social impacts of an investment such as reviewing documentations regarding any objections from the local communities to the investment or the investment's compliance with environmental and social standards and regulations. As a result of this assessment any project/investment that might financially, reputationally, operationally or legally cause disruption as defined in the question 2.1.b would be considered climate related substantive financial or strategic impact. In credit risk assessment process technical reports that take environmental aspects of an investment/project are also taken into account. Moreover, compliance department monitors all regulatory changes including the Environmental Law and related regulations The term of the risk assessment changes according to the project/investment's construction and/or term operating term, but covers short, medium and long term impacts as defined in Yapı Kredi's term definitions. Yapı Kredi does the risk assessment at the beginning of the project but continues to conduct site visits in the frequency that is determined by the nature of the project/investment. In majority of the cases site visits are conducted more than once a year. Physical Risk Case Study: As part of the credit risk assessment process Yapı Kredi reviews technical reports of the projects including water flow trends of hydropowers resulting from environmental issues including climate change. As a result of chronic physical risks such as extreme heatwaves, water flows might be reduced and evaporation might have significant impact on the hydroelectric power production capacity. This might effect the power's capacity to meet average and peak power demands that might create financial risks including further considering the project's viability. Transitional Risk Case Study: As part of current/emerging regulation risks, investments in certain sectors that are carbon intensive might/are be subject to environmental regulations such as installation of filters on thermal power plants. As part of Yapı Kredi's ESRA System, Yapı Kredi determines if a certain project/investment requires additional environmental measures (e.g. installation of filters) to comply with environmental regulations. Environmental Impact Assessment (EIA) Regulation (EIA Report, Project Presentation File, opinion letters, rulings, etc.) documentation is reviewed, and Yapı Kredi's ESRA team and/or independent environmental and social consultant conduct site visits to verify environmental compliance of the projects/investment.

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**C2.2a**

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	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. 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 verification of the greenhouse gas emissions originating from certain activities.
Emerging regulation	Relevant, always included	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. Company specific example: In 2019 European Commission announced "European Green Deal", a set of policy initiative that aims to transition EU to the green economy. Part of this initiative covers requiring signature of Paris Agreement in all new trade agreements. Turkey is in the process of renegotiating the current Customs Union agreement. Yapı Kredi takes into consideration an emerging regulation that might arise from the renewal of the agreement that will further accelerate Turkey's transition to low carbon economy and might require Yapı Kredi to update its ESRA System in line with a potential emerging regulation.
Technology	Relevant, always included	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. Company specific example: An example is requesting investors to invest in latest flue gas filter systems.
Legal	Relevant, always included	Inclusion in the climate related risk assessment: Yapı Kredi follows up any legal requests in order to reduce climate related legal risks through ESRA System. 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.
Market	Relevant, always included	Inclusion in the climate related risk assessment: Market risks including shifting demands to certain sectors such as the renewable energy are considered in Yapı Kredi's lending assessment activities. If deemed necessary, Yapı Kredi requests a market report before financing a specific project. Company specific example: A climate related market risk would be losing the market share in the renewable energy sector.
Reputation	Relevant, always included	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", Bank's Credit Policy, international regulations and internal codes for 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. 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 through ESRA System, media scans and KRIS.
Acute physical	Relevant, always included	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. 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. Company specific example: Yapı Kredi further invested in its infrastructure to manage acute physical risks such as flooding in 2019.
Chronic physical	Relevant, always included	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 through credit risk assessment including but not limited to its ESRA System. Company specific example: Rising temperatures could impact the outputs of hydro power projects in Turkey. Technical reports prepared as part of the credit risk assessment demonstrate any potential fluctuations that might arise from climate related capacity changes.

**C-FS2.2b**

**(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?**

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	As part of its Environmental and Social Risk Assessment System, Yapı Kredi assesses climate related risks of investments/projects it finances. In line with its environmental standards that also take into account GHG emissions and air pollution caused by the investments/projects Yapı Kredi categorizes the projects/investments as high, medium and low risk. In accordance with the risk category certain risk management measures such as installation of filters are requested, actions plans are set out and site visits are conducted.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	Excluding Yapı Kredi's subsidiaries Yapı Kredi's core business consist of its lending activities. This row in that case is not relevant nor material.

**C-FS2.2c**

**(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.**

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	Minority of the portfolio	Qualitative and quantitative	Tools used to assess the portfolio's exposure: As part of its Environmental and Social Risk Assessment System, Yapı Kredi assesses climate related risks of investments/projects it finances. In line with its environmental standards that also take into account climate change indicators, Yapı Kredi uses questionnaires that considers its clients' activities and sectors. Following the results of the questionnaire, Yapı Kredi categorizes the projects/investments as high, medium and low risk. In accordance with the risk category an external expert is assigned for some of the medium and all of the high risk investments/projects that prepare an in-depth technical report on environmental risks of the investment/project including climate change risks. Once technical report is reviewed by in-house environmental and social risk experts certain risk management measures such as installation of filters are requested. Thus, the tool used is the ESRA System that covers the whole procedure from the categorization to action plans. Portfolio coverage: Yapı Kredi's ESRA System applies to all new projects and investments under corporate banking with an investment amount USD 10m and above. While this scope covers majority of its Project Finance portfolio, in comparison with the Corporate and Commercial Banking portfolio this scope is minority of the portfolio.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

**C-FS2.2d**

**(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?**

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	Yapı Kredi conducts an Environmental and Social Risk Assessment (ESRA) System to the projects and investments it finances that are part of corporate and commercial banking and have an investment amount USD 10m and above. As part of the ESRA System depending on the nature of the project/investment, investors are requested to provide data on water-related issues and the investments/project's impact on water sources. This data is included in the Project Description Files or EIA Reports prepared in accordance with EIA Regulation and also in the Environmental and Social Due Diligence reports that are presented to the Bank from independent environmental experts. In case of identification of water related risks further measures for effective water resource management, water consumption, water treatment are requested from the investor.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	Excluding Yapı Kredi's subsidiaries Yapı Kredi's core business consist of its lending activities. This row in that case is not relevant nor material.

**C-FS2.2e**



**(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?**

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	Yapi Kredi conducts an Environmental and Social Risk Assessment (ESRA) System to the projects and investments it finances that are part of corporate and commercial banking and have an investment amount USD 10m and above. As part of the ESRA System depending on the nature of the project/investment, investors are requested to provide data on forests-related issues and the investments/project's impact on forests. This data is included in the Environmental and Social Due Diligence reports that are presented to the Bank from independent environmental experts. In case of identification of forests related risks reforestation or other measures may be requested from the investor.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	Excluding Yapi Kredi's subsidiaries Yapi Kredi's core business consist of its lending activities. This row in that case is not relevant nor material.

**C-FS2.2f**

**(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?**

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	As part of its Environmental and Social Risk Assessment System, depending on the nature of the investment/project Yapi Kredi requests the investor to provide climate related data such as GHG emissions data and air quality/pollution reports. Yapi Kredi's ESRA System applies to all new projects and investments under corporate banking with an investment amount USD 10m and above.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	Excluding Yapi Kredi's subsidiaries Yapi Kredi's core business consist of its lending activities. This row in that case is not relevant nor material.

**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?**

Direct operations

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

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
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**Primary potential financial impact**

Increased capital expenditures

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

Operational risk

**Company-specific description**

Flooding: IPCC Changes in Climate Extremes and their Impacts on the Natural Physical Environment Report suggests that anthropogenic influence on changes in some components of the water cycle (precipitation, snowmelt) affect floods. Although direct impact of climate change on floods is open for discussion, it is suggested that higher precipitation levels and snowmelts that are also triggered by climate change lead to higher potential for flooding. Warmer atmosphere levels lead to heavier precipitation and evaporation levels, triggering floods. Moreover, rising temperatures that cause snowmelts in the mountains can lead to winter flooding. According to Disaster and Emergency Management Presidency's (AFAD-Turkey) flood occurrence mapping in Turkey, Northeastern Anatolia region is more prone to reoccurrence of flooding incidents. However, when the map is analyzed it is observed that death rates are dispersed throughout all regions of Turkey, suggesting that even in the lower probability of disaster occurrence the impacts can be high. Yapı Kredi has 846 branches located in all regions of Turkey. In the case of a flooding incident Yapı Kredi's operational continuity can be effected.

**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)**

34100

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

<Not Applicable>

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

<Not Applicable>

**Explanation of financial impact figure**

In 2019, 13 incidents of flooding took place in 12 branches of Yapı Kredi. Total cost of the damages caused to the property was 31,000, thus increasing capital expenditure. The calculation is based on insurance bills. In a scenario where probability of these disasters increase in the short term and consequently leading to 10% increase in the cost of damages would equal to a potential financial impact of 34,100.  $31,000 \times 1.1 = 34,100$

**Cost of response to risk**

24000

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

Action implemented: Yapı Kredi's Business Continuity Management Policy is a guidance for minimizing operational risks. In addition to said policy, Yapı Kredi ensures business continuity through the Contingency Plan, and Crisis Management and Business Recovery Plans. In order avoid such incidents frequency of periodic maintenance activities such as maintenance of isolation and drainage pumps were increased. It is difficult to find lasting solutions to decrease the risk of flooding when a branch is located near rivers, but in order to mitigate the risks the branches purchased sandbags that hold back rising floodwaters. In a scenario where 50 sandbags are bought per branch,  $50 \times 12$  (branch number) = 600. Market price of a sandbag is around TRY 40.  $600 \times 40 =$  TRY 24,000 cost of sandbags for 12 branches.

**Comment**

No additional comment

**Identifier**

Risk 2

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

Downstream

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

Market	Changing customer behavior
--------	----------------------------

**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

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

Market risk

**Company-specific description**

There is a growing sensitivity from the consumers to environmental sustainability both in Turkey and in the banking sector. According to a survey conducted by Ipsos in 2019 while 72% of Turkish respondents in the survey agree that "companies will experience consumer backlash if they do not limit their environmental impact", 82% of Turkish respondents agree on "protecting the environment should be given priority, even if it causes slower economic growth". Moreover, a study conducted by a market research firm on green consumers' impact on the banking sector, it is reported that 68% of consumers agree that they "like to do business with companies that are environmentally responsible." These market trends indicate a growing tendency from consumers to opt for green products and services to decrease their own environmental footprint and preference to choose services and products from companies that are have a brand value linked to sustainability. A proportion of Yapı Kredi's retail clientele might have a behavioral change for opting green products and services such as green vehicles, green mortgages and in house solar systems rather than conventional services and products. Not being able to respond to these changes might lead to losing market share in the emerging green market. This might also lead to decreased revenues due to reduced demand for non-green products and services

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

213000000

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

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

In a scenario where only 1% of Bank's revenues are impacted due to not being able to gain market share in the overall green market, the financial impact would be: 21,229m (2019 revenue)\*0,99= 21,016m 21,229m-21,016m=213 m

**Cost of response to risk**

0

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

Yapı Kredi's cost of response to risk would be 0 because expanding its services to new products and services do not require additional costs for the Bank. Product development and marketing teams are already full time employees that are working towards monitoring new market trends and responding accordingly to these new market shifts.

**Comment**

No additional comment

**Identifier**

Risk 3

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

Downstream

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

Chronic physical	Rising mean temperatures
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**Primary potential financial impact**

Increased credit risk

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

Credit risk

**Company-specific description**

Rising mean temperatures especially during summers can lead to droughts and decreased capacity of hydroelectric power plants in the future. Moreover, due to heavier precipitation patterns triggered by high temperatures the hydroelectric power plants might also face more water capacity than they can carry. Either decreased water capacity or the risk of overflow might both lead to disruption of the operations. Yapı Kredi's lending activities are located in Turkey, which is in the Mediterranean Basin that will be greatly effected by rising mean temperatures. The potential capacity disruptions of the hydroelectric power plant projects financed by Yapı Kredi might increase the credit risk of the aforementioned projects, impacting Yapı Kredi's corporate and commercial banking activities.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

43000000

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

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Potential financial impact figure is based on a hydroelectric power plant whose average yearly electricity production is 800,000 MWh. In a scenario where 10% of decrease in its capacity in a year due to rising temperatures will lead to 720,000 MWh average yearly electricity production. If the revenue generated from the first and the second productions based on feed-in tariff of electricity sales price for hydroelectric renewable energy in Turkey (USD 73 /MWh) is calculated, the calculation would be as follows: USD 58,400,000 (revenue from the full capacity) - USD 52,560,000 (revenue from the 10% decreased capacity)= USD 5,840,000 revenue loss of the investor due to decrease in the power plant's capacity in a year. USD 5,840,000 = TRY 43,076,540 Since the projects are financed in \$ Yapı Kredi has used the current conversion rate (24 August 2020) to give an estimate figure where \$1 is equivalent to ₺7.38. It should be noted that although this fluctuation of capacity increases the credit risk of the project, financial impact calculated is for the investor, please see "Description of response and explanation of cost calculation" for further understanding.

**Cost of response to risk**

110640

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

For each hydroelectric power plant project Yapı Kredi requests a technical analysis conducted by an external technical expert to prepare a report on water flow fluctuations taking into account long term trends (50-70 years). Once the technical report is presented Yapı Kredi conducts internal stress tests that go beyond the report's expectations in order to ensure management of credit risk in an optimum manner. The stress tests are conducted by credits team and do not require additional costs to the Bank. Moreover, the Bank ensures both a decrease in capacity and an overflow scenario are managed during the construction phase of the project. The years where a power plant's capacity is lower than expected are compensated with cash sweep actions in the following/previous years. Average market cost of a technical analysis by an

external expert ranges from USD10K to USD20K (varies according to size of the project). As an average cost per project (10K+20K/2) Yapı Kredi took USD15K into consideration which led to TRY 110,640 Since the analyses are paid in \$ Yapı Kredi has used the current conversion rate (24 August 2020) to give an estimate figure where \$1 is equivalent to ₺7.38.

**Comment**

No additional comment

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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

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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?**

Downstream

**Opportunity type**

Markets

**Primary climate-related opportunity driver**

Use of public-sector incentives

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

**Company-specific description**

Turkey's transition to a low carbon economy is likely to result in additional incentives within the renewable energy sector that will further increase the demand for low carbon products and services. Currently, Renewable Energy Resources Support Mechanism (YEKDEM) in Turkey encourages financing renewable energy projects with a feed-in-tariff scheme, until the end of 2020. After 2020, it is expected that the Turkish government will put in place a new support/incentive mechanism for financing renewable energy projects such as Renewable Energy Resource Area (YEKA) investments. Government incentives will most likely result in further investments from the real sector to renewable energy and increased appetite for renewables in the finance industry. Yapı Kredi already grasped this opportunity within the current YEKDEM System, as of the end of 2019 renewables made 43% of Yapı Kredi's project finance energy portfolio. Yapı Kredi closely monitors the new opportunities to direct financing in renewable energy investments including solar power plants. In the near future pipeline, it is expected that there would be 1,000 MW solar power projects that would be tendered under the YEKA scheme that would increase the appetite of the real sector for further investing in renewable energy.

**Time horizon**

Medium-term

**Likelihood**

Very 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)**

354240000

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

<Not Applicable>

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

<Not Applicable>

**Explanation of financial impact figure**

Thanks to increased demand for renewable energy project investments, as at year-end 2019, Yapı Kredi financed 6% of solar power projects in Turkey in terms of installed capacity. In the near future pipeline, it is expected that there would be 1,000 MW solar power projects that would be tendered under the YEKA scheme that would further increase the appetite of the real sector for further investing in renewable energy. In a scenario where Yapı Kredi sustains its 2019 market share in the upcoming solar power plant investments in Turkey, Yapı Kredi expects to finance solar power plants with 60 MW installed capacity at least. Assuming that Yapı Kredi finances solar projects with 60 MW installed capacity with an investment amount of USD 60m and assuming that financing will be with 80/20 debt/equity ratio, it is expected Yapı Kredi would allocate USD 48m loans. This amount would be converted to TRY 354,240,000 . 48,000,000\*7.38= 354,240,000 Since the projects are expected to be financed in \$ Yapı Kredi has used the current conversion rate (24 August 2020) to give an estimate figure where \$1 is equivalent to ₺7.38.

**Cost to realize opportunity**

0

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

Yapı Kredi has an increased appetite for renewable energy sector, therefore closely monitors the renewable energy market developments. Yapı Kredi sustains its close relationship with its existing and potential clientele in order to support renewable energy investments and provide Yapı Kredi's tailor made financial solutions in the renewable energy sector. Company specific example: With the growing appetite in renewable energy investments in Turkey Yapı Kredi's specialized teams grasped the opportunity to finance solar power projects in 2019 that led to 6% market share in terms of installed capacity. Yapı Kredi aims to continue its market share strategy and aims to increase its share if additional opportunities arise. The cost of realizing this opportunity is 0 because Yapı Kredi already has a Project Finance team that monitors all opportunities related to financing renewable energy projects. Financing renewable energy projects including solar power projects is a fundamental part of Yapı Kredi's business development strategy. This is undertaken by the full-time staff of the Bank that does not require any additional costs of management.

**Comment**

No additional comment

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**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Upstream

**Opportunity type**

Markets

**Primary climate-related opportunity driver**

Other, please specify (Climate financing opportunities from IFIs)

**Primary potential financial impact**

Other, please specify (Increased funding opportunities from IFIs)

**Company-specific description**

Following the Paris Agreement international investments for climate change adaptation and mitigation activities rose. In 2019 climate financing commitments by world's largest Multilateral Development Banks (MDBs) rose to \$61 billion according EBRD's MDB Climate Finance Report, where \$4,293 billion of financing was mobilised towards Europe non EU countries. This funding opportunity creates an opportunity not only in the renewable energy sector but also in other low carbon activities such as energy efficiency, clean transportation, green buildings etc. Accordingly, Yapı Kredi's chances of accessing to funding for financing projects/investments that address climate related risks have 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)**

218800000

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

<Not Applicable>

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

<Not Applicable>

**Explanation of financial impact figure**

Yapı Kredi's sustainability strategy brings competitive advantage when working with international financial institutions. 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 and increase our chances of accessing additional fundings. Financial impact figure represents a €25 million loan provided from Proparco (Groupe Agence Française de Developpement) to Yapı Kredi in 2018 for financing renewable energy projects. This figure illustrates a how a collaboration was made possible through Yapı Kredi's commitment to sustainable development.  $25,000,000 \times 8.76 = 218,800,000$  Since the loan was in €, Yapı Kredi has used the current conversion rate (25 August 2020) to give an estimate figure where €1 is equivalent to ₺8.76.

**Cost to realize opportunity**

0

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

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, thus increasing its chances of accessing to capital. For the continued collaboration Yapı Kredi ensures that it complies with the requirements of loan agreements. Yapı Kredi launched Sustainability Management System in 2017 to ensure that it offers an international standard environmental and social management system for its lending activities that are sufficient for its collaboration with IFIs. Moreover, Yapı Kredi is in the process of updating its IT infrastructure to better monitor the environmental and risk management process of its lending activities. Explanation of cost calculation: Currently 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. Company specific example: Yapı Kredi initiated a new collaboration with the French Development Agency (AFD) subsidiary Proparco by signing a new loan agreement in 2018. In compliance with the agreement's requirements, Yapı Kredi already has an environmental and social management system in place (ESRA) that ensured the collaboration without additional costs.

**Comment**

No additional comment

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**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Upstream

**Opportunity type**

Markets

**Primary climate-related opportunity driver**

Other, please specify (Increased investments in the green financial instruments)

**Primary potential financial impact**

Other, please specify (Diversification of funding instruments)

**Company-specific description**

Due to market trends, today, investors are increasingly investing in green finance and in response financial actors are developing new sustainable financial products such

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as green bonds and sustainability bonds. According to Climate Bonds Initiative Green Bond Market Summary 2019 total green bond issuance reached \$ 257b. In line with this trend, Yapı Kredi aims to increase its investments in these innovative products and offer a wider range of innovative green products and services to its clients with environmental concerns and long term investment objectives. This strategy would help Yapı Kredi diversify funding instruments through the inclusion of green and sustainability related instruments. Hence, to seize this opportunity Yapı Kredi would need to diversify its green assets in its portfolio and provide transparency to investors in its allocations.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

Medium

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

292000000

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

41930000000

**Explanation of financial impact figure**

The potential financial impact range was calculated by min green bond issuance volume per issuance Yapı Kredi would undertake by its own standards and max green bond issuance volume is based on \$5.7b sustainability bond issuance, which is thus far the largest single sustainability/green bond issuance in the market by a company that demonstrates the highest volume capital markets are willing to invest in these instruments per issuance.

**Cost to realize opportunity**

204000

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

Strategy to realize this opportunity/Company specific example of activities to seize the opportunity: As part of Yapı Kredi's sustainability strategy, Yapı Kredi targets to expand and diversify its sustainable product portfolio for its clients and investors. In 2019 several employees joined training modules on green bonds and sustainable finance. In the upcoming years Yapı Kredi aims to increase investing in its human capital including company-wide know-how and policies on sustainable finance. Moreover, Yapı Kredi works towards setting company wide strategic sustainability targets to further demonstrate its commitments to its strategic approach on sustainability.

Explanation of cost calculation: The cost covers an average cost of Second Party Opinion (SPO) for a Green Bond Framework that would allow a company to issue green bonds, hence diversify its funding instruments. The costs are calculated based on market price average and taking an average number of green categories addressing climate change mitigation and climate change adaptation as defined in the ICMA Green Bond Principles. In total 9 categories in the ICMA Green Bond Principles address climate change mitigation and climate change adaptation. For the calculation, an average of cost of an SPO with 9 categories and the min cost of an SPO was taken into account. Trainings were sponsored by external donors therefore Yapı Kredi did not include additional costs for trainings.

**Comment**

No additional comment

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### C3. Business Strategy

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#### C3.1

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**(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes

#### C3.1a

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

Yes, qualitative, but we plan to add quantitative in the next two years

#### C3.1b

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**(C3.1b) Provide details of your organization's use of climate-related scenario analysis.**

Climate-related scenarios and models applied	Details
Nationally determined contributions (NDCs)	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. 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. 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. 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, in line with this scenario Yapı Kredi has a strategy to expand its sustainable product portfolio that contribute to the transition to the low carbon economy in Turkey. Also, Yapı Kredi continuously invests in its infrastructure to ensure energy efficiency in its direct operations. A study/case example: In accordance with INDC scenario Yapı Kredi further diverted its business to renewable energy projects. In 2019, renewable energy made 43% of its project finance energy portfolio.

**C3.1d**

**(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Description of how your strategy in this area has been influenced by climate related risks and opportunities: Following the substantial growth rate in the sustainable/green finance sector which creates new opportunities for the banking sector, Yapı Kredi decided to expand its sustainable/green product offering. Yapı Kredi's lending activities including Corporate and Commercial Banking, and Retail Banking will be influenced by this opportunity especially in the renewable energy, green building, green transportation and energy efficiency areas. In addition these products will necessitate collaboration of multiple divisions such as Treasury Department (e.g. green bond issuances). Time horizon: Yapı Kredi aims to continually invest in products and services that generate value for the economy, people and planet at the same time. However in line with Turkey's INDC scenario the imminent time horizon for this strategy is 2030. Case study of decision made in this area that have been influenced by climate related risks and opportunities: Yapı Kredi decided to enter the green bond market with the suggestion of the Sustainability Committee in 2019. The same year relevant Yapı Kredi employees joined a training program on green bonds and brought the know-how to the company to further expand the product portfolio to the green instruments.
Supply chain and/or value chain	Yes	Description of how your strategy in this area has been influenced by climate related risks and opportunities: As a member of UNEP FI, Yapı Kredi follows closely the multi stakeholder initiatives that bring the finance sector, UN agencies and civil society together. With the ongoing agenda on Paris Climate Agreement and UN Sustainable Development Goals Yapı Kredi intends to, to the extend possible, to align its business with these goals considering business opportunities and risks these initiatives bring. Accordingly Yapı Kredi decided to become a founding signatory to the United Nations Principles of Responsible Banking (UN PRB) initiative to take part among the banks that move forward the responsible banking agenda. As one of the principle requirements of the UN PRB, Yapı Kredi committed to engage with its value chain regarding climate related issues and report on its progress annually on this matter. Time horizon: Yapı Kredi will continually engage with its value chain on environment and climate related issues, however as per the requirements of the UN PRB, Yapı Kredi has a time horizon of 4 years (2023) to fully comply with the Principles. Case study of decision made in this area that have been influenced by climate related risks and opportunities: In order to better align itself with the UN PRB and raise awareness on climate related issues within its value chain, Yapı Kredi started to work on an online curriculum on Environmental Management System and climate change to share with its suppliers and other relevant stakeholders. Moreover Yapı Kredi is also working towards preparing social media campaigns on climate change to further inform its retail customer base and the general public.
Investment in R&D	Evaluation in progress	Description of the evaluation process: Since 2015 Yapı Kredi has strategic plan to digitalize its banking activities and has been investing heavily on R&D including an on-site R&D Center. Digitalization process contributed immensely to cut on paper consumption and therefore indirectly contributed to reduce Scope 3 emissions of the Bank. However in order to bring together innovation and sustainability more strategically Yapı Kredi further quests future collaborations with The Scientific and Technological Research Council of Turkey (TÜBİTAK) on climate change related innovations and further investigates funding opportunities such as Horizon2020 Funding that has an important allocation share on green funding as part of the European Green Deal strategy of the EU. Time Horizon: The time horizon of this climate related opportunity is until 2050, the target date of the projects eligible for the aforementioned funding.
Operations	Yes	Description of how your strategy in this area has been influenced by climate related risks and opportunities: In order to better manage its climate related risks from its operations Yapı Kredi annually reports on its emissions data in line with ISO 14064 standards. Aiming to make a strategic progress on its operations' impact on climate Yapı Kredi decided to invest in renewable energy and energy efficiency in its buildings. Time horizon: In line with Turkey's INDC scenario the imminent time horizon for this strategy is 2030. Case study of decision made in this area that have been influenced by climate related risks and opportunities: In 2019 Yapı Kredi procured its two Head Office's electricity from renewable sources. Renewable energy procurement ratio of its head of buildings' electricity was 100% (Plaza D Block HQ) and 15% (Banking Base HQ).

**C3.1e**

**(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs	Yapı Kredi takes into account its direct impact while managing its operational costs. To that end every year in its financial planning study Yapı Kredi decides the share of the budget that will be reserved for green procurement and energy efficiency. In that respect energy efficient office supplies, lightings, green electricity procurements, future possible renewable energy investments for self consumption such as solar panels are considered as direct operational costs in the financial planning. Case Study: In 2019 Yapı Kredi as part of the budget reserved for green investments in its operational costs, Yapı Kredi invested in LED lightings in its ATMs and procured renewable energy for its head offices where its major electricity consumption is generated. Time Horizon Covered: Yapı Kredi aims to continually divest its operational costs towards renewable energy and energy efficiency products and services. Nevertheless in line with its scenario analysis based on Turkey's INDC for Paris Climate Agreement, the imminent time horizon is 2030.

### C3.1f

**(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

We do not have additional information

### C-FS3.2

**(C-FS3.2) Are climate-related issues considered in the policy framework of your organization?**

Yes, climate-related issues are integrated into our general policy framework that relates to our financing activities

### C-FS3.2a

**(C-FS3.2a) In which policies are climate-related issues integrated?**

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	Credit policy	Minority of the portfolio	Description of Credit Policy: Yapı Kredi has implemented an Environmental and Social Risk Assessment System that necessitates certain environmental criteria to be met as part of the allocation process including but not limited to environmental requirements regarding climate change. This system applies to all new investment, project finance and project finance advisory services with an investment amount of USD 10m or higher. The Credit Policy, which is an internal policy, gives reference to ESRA System for Yapı Kredi's lending activities. USD 10m limit covers minority of corporate and commercial banking investments but majority of project finance loan requests. It should be noted that Retail Banking including Business and SME Banking are not taken into account when referring to the portfolio in the Credit Policy. Coverage Explanation: Although the threshold could be lowered, considering project finance loans are made of large infrastructure projects or investments, USD 10m threshold is reasonable in Turkey's context. Additionally, a Bank's biggest impact lies within these projects compared with the impact of individuals and small business in the Retail Banking segment. The coverage has been determined considering human capital and available infrastructure within the Bank.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	Please select	There are no other products and services

## 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

**Year target was set**

2015

**Target coverage**

Site/facility

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Base year**

2015

**Covered emissions in base year (metric tons CO2e)**

24884.79

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

95

**Target year**

2025

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

15

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

21152.0715

**Covered emissions in reporting year (metric tons CO2e)**

1412.24

**% of target achieved [auto-calculated]**

628.832578722451

**Target status in reporting year**

Underway

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

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

**Please explain (including target coverage)**

At Yapı ve Kredi Bankası, the total of scope 1 and scope 2 emissions in our Head Office buildings (Plaza D Block and Banking Base) and three service buildings (Darıca Archive, Bayramoğlu, Yeniköy Koru) of 2015 was set as the base and a reduction target of 15% was set for 2025. In 2019, we managed to reduce the total of Scope 1 and Scope 2 emissions by 43.69% 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 â-gases). Scope 3 emissions are not covered by our target.

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**C4.2**

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to increase low-carbon energy consumption or production

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**C4.2a**

**(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

**Target reference number**

Low 1

**Year target was set**

2019

**Target coverage**

Site/facility

**Target type: absolute or intensity**

Absolute

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

Percentage

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2019

**Figure or percentage in base year**

0

**Target year**

2019

**Figure or percentage in target year**

100

**Figure or percentage in reporting year**

100

**% of target achieved [auto-calculated]**

100

**Target status in reporting year**

Achieved

**Is this target part of an emissions target?**

Yes, as outlined in the C4.1a Yapı Kredi aims to decrease its scope 1 and scope 2 emissions by 15% in 2025.

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

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

The target covers Yapı Kredi's head office Plaza D Block. This was a year on year target that was set in the beginning of 2019 to be achieved by the end of December 2019.

**Target reference number**

Low 2

**Year target was set**

2019

**Target coverage**

Site/facility

**Target type: absolute or intensity**

Absolute

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

Percentage

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2019

**Figure or percentage in base year**

0

**Target year**

2019

**Figure or percentage in target year**

15

**Figure or percentage in reporting year**

15

**% of target achieved [auto-calculated]**

100

**Target status in reporting year**

Achieved

**Is this target part of an emissions target?**

Yes, as outlined in the C4.1a Yapı Kredi aims to decrease its scope 1 and scope 2 emissions by 15% in 2025.

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

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

The target covers Yapı Kredi's head office Banking Base . This was a year on year target that was set in the beginning of 2019 to be achieved by the end of December 2019.

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	1124
To be implemented*		
Implementation commenced*	1	6907.3
Implemented*	4	994.03
Not to be implemented		

C4.3b

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

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

36

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

62125

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

138136

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

The investment required represents LED lighting systems put in place in 2019.

Initiative category & Initiative type

Energy efficiency in buildings	Maintenance program
--------------------------------	---------------------

Estimated annual CO2e savings (metric tonnes CO2e)

1.14

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

1133

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

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

The investment required represents dismantling of stationary equipment that did not require additional investment but resulted in energy efficiency in 2019.

---

**Initiative category & Initiative type**

Waste reduction and material circularity	Product/component/material recycling
------------------------------------------	--------------------------------------

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

7583.94

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Mandatory

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

38342

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

33436

**Payback period**

&lt;1 year

**Estimated lifetime of the initiative**

Ongoing

**Comment**

The investment required represents investments in the infrastructures such as procurement of additional rubbish bins to comply with the Zero Waste Regulation in Turkey in 2019.

---

**Initiative category & Initiative type**

Waste reduction and material circularity	Product or service design
------------------------------------------	---------------------------

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

161.95

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

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

2659791

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

6000000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

The investment required represents the amount of investments in digital infrastructure and procurement of tablets in order to ensure paperless banking throughout the operations.

---

**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 including communications, building infrastructural changes and trainings.
Dedicated budget for other emissions reduction activities	In order to achieve Yapı Kredi's overall emission reduction target, a budget has been dedicated to lowering emissions with investments to renewable energy procurement.

---

**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?**

Avoided emissions

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

Other, please specify (Vigeo-EIRIS ESG Score Performance)

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

0.52

**% of total portfolio value**

0.53

**Asset classes/ product types**

Bank lending	Corporate Loans
--------------	-----------------

**Comment**

The percentage includes Green Project Finance Loan's share in the Project Finance Portfolio for 2019 and its revenue share in project finance revenues.

**Level of aggregation**

Group of products

**Description of product/Group of products**

Yapı Kredi gives utmost importance to Turkey's transition to low carbon economy. In that respect in 2019 Yapı Kredi extended additional USD 216m loans to renewable energy projects with a total installed capacity of 203 MW. As at year-end 2019 renewable energy projects constituted 43% of the project finance energy portfolio. Financing renewable energy projects allows Yapı Kredi's customers to avoid emissions.

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

Avoided emissions

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

Other, please specify (Bank specific taxonomy)

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

5.3

**% of total portfolio value**

5.3

**Asset classes/ product types**

Bank lending	Corporate Loans
--------------	-----------------

**Comment**

Renewable energy financing constituted Yapı Kredi's 5.3% of loans in the overall portfolio.

**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)**

9494.17

**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)**

15480.62

**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 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)**

17249

**Start date**

<Not Applicable>

**End date**

<Not Applicable>

**Comment**

The figure represents Scope 1 emissions of Yapı Kredi Bank, Yapı Kredi Invest, Yapı Kredi Asset Management, Yapı Kredi Leasing, Yapı Kredi Factoring.

**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**

41338

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

<Not Applicable>

**Start date**

<Not Applicable>

**End date**

<Not Applicable>

**Comment**

The figure represents Scope 2 emissions of Yapı Kredi Bank, Yapı Kredi Invest, Yapı Kredi Asset Management, Yapı Kredi Leasing, Yapı Kredi Factoring

**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**

Natural gas consumption in Darıca Archive and Banking Base cafeteria are not included because these are paid and controlled by the subcontractor

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**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**

Natural gas consumption in Darıca Archive and Banking Base cafeteria are not included because these are paid and controlled by the contractors. Our reporting boundary is within the boundary of our ISO 14064 reporting (excluding Yapı Kredi Culture and Arts). It was confirmed by the auditors of ISO 14064 that this data is not relevant for Yapı Kredi's impact.

---

**Source**

R134 (HFC-134a) gases in the water dispensers are not included because these are controlled and maintained by the contractors.

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**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**

R134 (HFC-134a) gases in the water dispensers are not included because these are controlled and maintained by the contractors. Our reporting boundary is within the boundary of our ISO 14064 reporting (excluding Yapı Kredi Culture and Arts). It was confirmed by the auditors of ISO 14064 that this data is not relevant for Yapı Kredi's impact.

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.****Purchased goods and services****Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

661

**Emissions calculation methodology**

2019 Defra Greenhouse Gas Emissions Factors (Material use - Paper)

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

100

**Please explain**

Within the scope of this calculation, only paper consumption was taken into account. The overall paper consumption in our banking operations was nearly 661 tCO2e.

**Capital goods****Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

&lt;Not Applicable&gt;

**Emissions calculation methodology**

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**Please explain**

Yapı Kredi is in the financial sector, therefore capital goods can only be defined as electricity generation from our service buildings that is reported in the Scope 2 emissions data.

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

Not relevant, explanation provided

**Metric tonnes CO2e**

&lt;Not Applicable&gt;

**Emissions calculation methodology**

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**Please explain**

Yapı Kredi is in the financial sector therefore this data is not relevant for Yapı Kredi.

**Upstream transportation and distribution****Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

&lt;Not Applicable&gt;

**Emissions calculation methodology**

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**Please explain**

Yapı Kredi is in the financial sector therefore this data is not material for Yapı Kredi.



## Waste generated in operations

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Yapı Kredi is in the financial sector therefore this data is not material for Yapı Kredi. Emissions data from paper consumption is already reported under Scope 3 purchased goods.

## Business travel

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

2929

### Emissions calculation methodology

2019 Defra Greenhouse Gas Emissions Factors (Business flights)

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

100

### Please explain

Within the scope of this calculation, only business flights were taken into account, since company owned vehicles' emissions are calculated in Scope 1 emissions. The emissions from domestic flights were nearly 1,178 tCO2e, from short-haul flights were nearly 1,318 tCO2e, and from long-haul flights were nearly 432 tCO2e..RF was taken into account in the calculations.

## Employee commuting

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

9972

### 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

### Please explain

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 9,972 tCO2e.

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Yapı Kredi's emissions from leased assets are covered in Scope 1 and Scope 2 emissions data.

## Downstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Yapı Kredi is in the financial sector therefore this data is not material for Yapı Kredi.

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Yapı Kredi is in the financial sector therefore this data is not relevant for Yapı Kredi.

## Use of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Yapı Kredi is in the financial sector therefore this data is not relevant for Yapı Kredi.

## End of life treatment of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Yapı Kredi is in the financial sector therefore this data is not material for Yapı Kredi.

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Yapı Kredi's emissions from leased assets are covered in Scope 1 and Scope 2 emissions data.

## Franchises

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Yapı Kredi does not have franchises therefore this data is not relevant for Yapı Kredi.

**Other (upstream)**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

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

<Not Applicable>

**Please explain**

Yapı Kredi is in the financial sector therefore upstream emissions that is relevant for the manufacturing sector is not relevant for the financial services.

**Other (downstream)**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

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

<Not Applicable>

**Please explain**

Yapı Kredi is in the financial sector therefore downstream emissions that is relevant for the manufacturing sector is not relevant for the financial services.

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**

0.0000027597

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

58587

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

21229000000

**Scope 2 figure used**

Location-based

**% change from previous year**

3.57

**Direction of change**

Decreased

**Reason for change**

Scope 1 and Scope 2 emissions have decreased in 2019 from 60,883 to 58,587 (in the mainstream reporting- [https://www.yapikrediinvestorrelations.com/en/images/pdf/sustainability-reports/2019/2019\\_integrated\\_report.pdf](https://www.yapikrediinvestorrelations.com/en/images/pdf/sustainability-reports/2019/2019_integrated_report.pdf) ). However Yapı Kredi's 2019 CDP Reporting scope only consisted Scope 1 and Scope 2 data of Yapı Kredi's head offices while this year it consists all of Yapı Kredi's operations (excluding minor exception such as certain branches). We take the greater scope into account in our comparison. 60,883/21.29b is around 0.0000028 while the intensity now is around 0.0000027. Reason for Change: Paper consumption was reduced greatly thanks to digitalisation initiative within the bank as described in the Section 4.

---

**Intensity figure**

3.39

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

58587

**Metric denominator**

full time equivalent (FTE) employee

**Metric denominator: Unit total**

17296

**Scope 2 figure used**

Location-based

**% change from previous year**

1.5

**Direction of change**

Increased

**Reason for change**

Scope 1 and Scope 2 emissions have slightly increased in 2019 from 3.34 to 3.39 (in the mainstream reporting- [https://www.yapikrediinvestorrelations.com/en/images/pdf/sustainability-reports/2019/2019\\_integrated\\_report.pdf](https://www.yapikrediinvestorrelations.com/en/images/pdf/sustainability-reports/2019/2019_integrated_report.pdf) ). CDP 2019 Report's scope is different therefore mainstream report should be taken into account. Reason for Change: The number of employees decreased in 2019 in comparison with 2018 which created a slight increase in the emissions intensity data.

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## C7. Emissions breakdowns

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### C7.9

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

Decreased

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### 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	4711	Decreased	10.19	Yapı Kredi procured renewable energy for its head office buildings which covered 100% consumption of Yapı Kredi Plaza D Block head office and 15% of Yapı Kredi Banking Base head office. It should be noted that Yapı Kredi's reporting scope in 2019 expanded compared with the year 2018 and even then Yapı Kredi was able to decrease its Scope 2 emissions.
Other emissions reduction activities	36	Decreased	0.08	As part of Yapı Kredi's energy efficiency activities, Yapı Kredi changed its lighting to LED lighting systems which allowed Yapı Kredi to decrease its emissions from Scope 2 at a certain level. It should be noted that Yapı Kredi's reporting scope in 2019 expanded compared with the year 2018 and even then Yapı Kredi was able to decrease its Scope 2 emissions.
Divestment		<Not Applicable >		N/A
Acquisitions		<Not Applicable >		N/A
Mergers		<Not Applicable >		N/A
Change in output		<Not Applicable >		N/A
Change in methodology		<Not Applicable >		N/A
Change in boundary		<Not Applicable >		N/A
Change in physical operating conditions		<Not Applicable >		N/A
Unidentified		<Not Applicable >		N/A
Other		<Not Applicable >		N/A

**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 undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
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 (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	3359.55	3359.55
Consumption of purchased or acquired electricity	<Not Applicable>	10142	88994.08	99136.08
Consumption of purchased or acquired heat	<Not Applicable>	0	34130.87	34130.87
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	10142	126484.5	136626.5

**C9. Additional metrics**

**C9.1**

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

**Description**

Waste

**Metric value**

1840.47

**Metric numerator**

tons

**Metric denominator (intensity metric only)**

not applicable, data tracked is not intensity

**% change from previous year**

28

**Direction of change**

Increased

**Please explain**

Waste paper increased by 28% across the Bank due to the destruction of the legally expired documents.

**C10. Verification**

**C10.1**

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

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

**C10.1a**

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

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Yapi Kredi Yatirim\_S12-14064\_2020.pdf

Yapi Kredi Faktoring\_S12-14064\_2020.pdf

2019\_YAPI KREDİ 14064\_Sertifikası.pdf

Yapi Kredi Finansal Kiralama\_S12-14064\_2020.pdf

Yapi Kredi Portfoy\_S12-14064\_2020.pdf

**Page/ section reference**

The attachment "Yapı Kredi" includes Scope 1 & Scope 2 emissions data of the Bank, "Finansal Kiralama" includes Scope 1 & Scope 2 emissions data of Yapı Kredi Leasing, Yatırım" includes Scope 1 and Scope 2 emissions data of Yapı Kredi Invest, "Portfoy" includes Scope 1 and Scope 2 emissions data of Yapı Kredi Asset Management, "Faktoring" includes Scope 1& Scope 2 emissions data of Yapı Kredi Factoring.

**Relevant standard**

ISO14064-3

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

100

---

**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**

EY\_YKB\_2019\_Assurance Statement IR\_ENG\_19.06.2020.pdf

**Page/ section reference**

Both pages, Environmental indicators

**Relevant standard**

ISAE3000

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

100

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**C10.1b**

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

**Scope 2 approach**

Scope 2 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**

Yapi Kredi Yatirim\_S12-14064\_2020.pdf

Yapi Kredi Faktoring\_S12-14064\_2020.pdf

2019\_YAPI KREDİ 14064\_Sertifikasi.pdf

Yapi Kredi Finansal Kiralama\_S12-14064\_2020.pdf

Yapi Kredi Portfoy\_S12-14064\_2020.pdf

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**Relevant standard**

ISO14064-3

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

100

---

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

EY\_YKB\_2019\_Assurance Statement IR\_ENG\_19.06.2020.pdf

**Page/ section reference**

Both pages, Environmental indicators

**Relevant standard**

ISAE3000

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

100

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C10.1c

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

**Scope 3 category**

Scope 3: Business travel

**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**

EY\_YKB\_2019\_Assurance Statement IR\_ENG\_19.06.2020.pdf

**Page/section reference**

Both pages of the attachment, section Environmental Indicators

**Relevant standard**

ISAE3000

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

100

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**Scope 3 category**

Scope 3: Employee commuting

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

EY\_YKB\_2019\_Assurance Statement IR\_ENG\_19.06.2020.pdf

**Page/section reference**

Both pages of the attachment, section Environmental Indicators

**Relevant standard**

ISAE3000

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

100

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**Scope 3 category**

Scope 3: Purchased goods and services

**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**

EY\_YKB\_2019\_Assurance Statement IR\_ENG\_19.06.2020.pdf

**Page/section reference**

Both pages of the attachment, section Environmental Indicators, paper consumption is calculated

**Relevant standard**

ISAE3000

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

100

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C10.2

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(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

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**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year emissions intensity figure	Limited assurance was provided by EY, the standard used was ISAE 3000 (Revised).	GHG emissions intensity by FTE employee number was verified because absolute data may sometimes be misleading taking into account the number of employees. Therefore Yapı Kredi chose to verify both absolute data and intensity data. Verification takes place annually and the sum of Scope 1 and Scope 2 data, which is already verified, is divided by Full Time Equivalent (FTE) employee number in line with the GRI Standards. The scope of the operation is same as CDP reporting's scope. EY_YKB_2019_Assurance Statement IR_ENG_19.06.2020.pdf
C14. Portfolio impact	Renewable energy products	Limited assurance was provided by EY, the standard used was ISAE 3000 (Revised).	Amounts of credit allocations to renewable energy projects by type and their installed capacities were verified for 2019. Yapı Kredi as a financial institution transparently discloses and verifies this data to demonstrate its positive impact to Turkey's transition to low carbon economy. This is an annual data which covers renewable energy projects in the project finance portfolio. EY_YKB_2019_Assurance Statement IR_ENG_19.06.2020.pdf
C1. Governance	Other, please specify (Sustainability Governance System)	Limited assurance was provided by EY, the standard used was ISAE 3000 (Revised).	Yapı Kredi's sustainability governance data was verified to demonstrate executive level management of climate related issues within Yapı Kredi. In the scope of the assurance, Yapı Kredi's Sustainability Committee's structure was verified via its meeting minutes. The assurance was provided for 2019. EY_YKB_2019_Assurance Statement IR_ENG_19.06.2020.pdf
C9. Additional metrics	Other, please specify (Waste by type and disposal method)	Limited assurance was provided by EY, the standard used was ISAE 3000 (Revised).	Yapı Kredi annually reports and verifies waste by type and disposal method as part of its environmental management efforts. Waste generation is another contributor to the climate change therefore it is of utmost importance to follow up and verify this data. The assurance was provided for 2019 and its scope can be found via Yapı Kredi's 2019 Integrated Report page 102. EY_YKB_2019_Assurance Statement IR_ENG_19.06.2020.pdf
C9. Additional metrics	Other, please specify (Water withdrawal by source)	Limited assurance was provided by EY, the standard used was ISAE 3000 (Revised).	Yapı Kredi annually reports and verifies water withdrawal by source as part of its environmental management efforts. Climate change will have significant impact on water resources, therefore Yapı Kredi closely follows its water consumption and takes necessary actions if possible to enable effective management of water resources. The assurance was provided for 2019 and its scope can be found via Yapı Kredi's 2019 Integrated Report page 102. EY_YKB_2019_Assurance Statement IR_ENG_19.06.2020.pdf
C1. Governance	Other, please specify (Compliance with environmental laws and regulations)	Limited assurance was provided by EY, the standard used was ISAE 3000 (Revised).	Yapı Kredi annually reports and verifies its compliance with environmental laws and regulations. For 2019 it was verified that Yapı Kredi paid no penalties due to non-compliance with environmental laws and regulations. EY_YKB_2019_Assurance Statement IR_ENG_19.06.2020.pdf
C9. Additional metrics	Other, please specify (Direct Waterfootprint Inventory Report )	ISO 14046:2014	Yapı Kredi annually receives its statement of conformity with Direct Waterfootprint Inventory Report in line with ISO 14046. Climate change will have significant impact on water resources, therefore Yapı Kredi closely follows its water consumption and takes necessary actions if possible to enable effective management of water resources. The scope is limited to head offices and three service buildings of Yapı Kredi. YAPIKREDI_WFP_Certificate of Conformity_2019_signed.pdf

**C11. Carbon pricing**

**C11.2**

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

No

**C11.3**

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

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

**C12. Engagement**

**C12.1**

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

- Yes, our suppliers
- Yes, our customers
- Yes, other partners in the value chain

**C12.1a**

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

**Type of engagement**

Compliance & onboarding

**Details of engagement**

Included climate change in supplier selection / management mechanism

**% of suppliers by number**

100

**% total procurement spend (direct and indirect)**

100

**% of supplier-related Scope 3 emissions as reported in C6.5**

100

**Rationale for the coverage of your engagement**

Yapı Kredi has the Responsible Procurement Policy that applies to all suppliers and contractors. Therefore the coverage is 100%. All suppliers from which Scope 3 emissions are provided have to comply with Yapı Kredi's Responsible Procurement Policy.

[https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk\\_responsible\\_procurement\\_policy.pdf](https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf)

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

As part of Yapı Kredi's Responsible Procurement Policy Yapı Kredi's suppliers are expected to comply with the criteria set below and all the criteria detailed in Yapı Kredi's Responsible Procurement Policy ([https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk\\_responsible\\_procurement\\_policy.pdf](https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf)) 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's climate related impact of engagement: is to incentivize all of its suppliers to comply with minimum climate related criteria and good climate conscious practices. Yapı Kredi measures the success of its Responsible Procurement Policy: by the number of suppliers that complied (not failed 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 2019, there were no suppliers who failed to comply with our Responsible Procurement Policy and hence no contracts were terminated.

**Comment**

Yapı Kredi's Responsible Procurement Policy:

[https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk\\_responsible\\_procurement\\_policy.pdf](https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf)

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**Type of engagement**

Engagement & incentivization (changing supplier behavior)

**Details of engagement**

Run an engagement campaign to educate suppliers about climate change

**% of suppliers by number**

2.3

**% total procurement spend (direct and indirect)**

**% of supplier-related Scope 3 emissions as reported in C6.5**

0

**Rationale for the coverage of your engagement**

The coverage is limited to our subcontractors, who work within our buildings. The rationale for the coverage is that because these personnel are working within our buildings their impact on Yapı Kredi would be higher in comparison with other suppliers.

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

As part of ISO 14001 environmental management system Yapı Kredi provided 684 hours of environmental trainings to 342 subcontractors. The expected impact of engagement is changing supplier behavior and raising awareness. The measure of success for the trainings is completion of the training by all parties invited and receiving ISO 14001 certification. This goal was reached in 2019 which means Yapı Kredi succeeded to train and raise awareness of certain number of suppliers.

**Comment**

ISO 14001 certification system covers 30% of Yapı Kredi's operations.

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**C12.1b**

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

**Type of engagement**

Engagement & incentivization (changing customer behavior)

**Details of engagement**

Engage with customers on measuring exposure to climate-related risk

**% of customers by number**

0.7

**% of customer - related Scope 3 emissions as reported in C6.5**

0

**Portfolio coverage (total or outstanding)**

Minority of the portfolio

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

All new investments, project finance loans and projects entailing financial advisory services falling under corporate and commercial loans and having an investment amount of USD 10 million and above are assessed within the scope of the Environmental and Social Risk Assessment System (ESRA). This coverage is based on human capital and infrastructure of the Bank. Under current circumstances Yapı Kredi can only engage with large infrastructure projects' environmental and social impact. This coverage is also rationalized given that large projects have bigger environmental and social impacts.

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

The impact of the climate related engagement strategy is customers' compliance with the requirements as identified in our ESRA System, which minimizes negative environmental and social impacts including climate related 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. Impact of engagement is compliance with Yapı Kredi's Environmental and Social Risk Assessment System which is based on IFC Environmental and Social Risk Assessment System. Measures of success is assessed by the financing allocated to the projects assessed under the Environmental and Social Risk Assessment System in the reporting year. In 2019 Yapı Kredi assessed 19 projects under the scope of its Environmental and Social Risk Assessment System, 17 of which Yapı Kredi allocated financing. This entails higher environmental and social risks managed via financing provided by Yapı Kredi.

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**C12.1d**

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

**Partners:** In addition to its engagement with its suppliers and clients Yapı Kredi also engages with NGOs and the banking sector on climate related issues.

**Yapı Kredi's climate related engagement strategy with these stakeholders:** Yapı Kredi's climate related engagement strategy consist of collaborations with other banks and NGOs on sustainability issues that will allow Yapı Kredi to send a stronger message and create a larger impact on sustainability. In that regard Yapı Kredi is part of multiple NGO's working groups where it contributes to experience sharing, preparation of reports and studies. The NGOs with which Yapı Kredi engages can be listed as UNEP FI, Turkish Industry and Business Association (TUSIAD), The Banks Association of Turkey (TBA), Global Compact Network Turkey. These platforms also allow Yapı Kredi to engage with civil society but also with its counterparts in the banking sector.

**Case Study:** In 2019 Yapı Kredi became a founding signatory to UN Principles of Responsible Banking. This is a platform created under UNEP FI. In line with Yapı Kredi's climate related engagement strategy to collaborate with like minded stakeholders on sustainability related topics, in this platform Yapı Kredi receives the feedback and environmental and social know-how of UNEP FI and the experience of the other banks that are members of the initiative. In October 2019 Yapı Kredi in collaboration with other United Nations Principles of Responsible Banking founding signatories in Turkey organized a press conference to raise awareness in the media on sustainability and give a sectoral perspective to sustainability issues.

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**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

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**C12.3b**

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

Yes

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**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). The purpose of the Association is to preserve the rights and benefits of banks, to carry on studies for the growth of the banking sector, for its robust functioning and the development of banking profession, strengthening of competition power, to take the decisions/ensure that they are taken to prevent unfair competition, to implement and demand implementation of these decisions, in line with the principles of open market economics and perfect competition and the regulations, principles and rules of banking. Sustainability is incorporated in TBA's working areas (<https://www.tbba.org.tr/en/research-and-publications/sustainability/288>). "Role of the Financial Sector in Sustainable Growth" Working Group at TBA aims 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. To achieve its aim to disseminate best practices among its members on sustainability the Working Group works towards providing research, guidance, best practices and trainings.

**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.

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**C12.3e**

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

**Turkish Industry and Business Association (TUSIAD):** TUSIAD is a voluntary based civil society organization established by Turkish industrialists and business persons in 1971 in order to represent the business world. TUSIAD aims to encourage and develop a unity of thought and action on behalf of the Turkish business world in line with these objectives through the direct and indirect dissemination of its views and recommendations to the Turkish parliament, government, other states, international organizations and public opinion through the media and other means. Yapı Kredi is part of TUSIAD's Climate Change Working Group including its sub-working groups; Climate Change and Low-Carbon Economy, Financing Models and Incentives, and Partnership for Market Readiness (PMR). In these working groups Yapı Kredi provides its feedback for TUSIAD's position papers, research and publications.

**Global Compact Network Turkey:** In 2017, Yapı Kredi 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. The Declaration was launched in an event with the participation of the then-Deputy Prime Minister of Turkey as the keynote speaker and several other policy making actors. Since then, Yapı Kredi is contributing to the update and dissemination of the Declaration.

**Support for WWF-Türkiye "Turkey's Life Small Grant Program":** 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 WWF-Turkey's "Turkey's Life Small Grant Program" 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. As an important stakeholder in civil society, WWF-Turkey is a key player in influencing policies with regard to environmental conservation in Turkey.

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**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?**

**Description of a Process That Ensures a Consistent Approach to Climate Change:** Yapı Kredi attaches great importance to the alignment of its engagement with policy makers with its climate change strategy. In order to ensure this alignment, Yapı Kredi's activities are required to be consistent with its corporate policies and **Yapı Kredi's Sustainability Management System**. Under the Sustainability Management System all operations including Yapı Kredi's direct and indirect environmental impacts are conducted in compliance with the principles of sustainability and its corporate governance strategy is shaped under this system. As a part of this system, its direct and indirect activities are monitored and managed in terms of their environmental risks and impacts by predefined teams. This procedure is a part of the Bank's overall sustainability strategy that includes climate change strategy as well.

Ideally bi-annually, at least once a year Yapı Kredi's Sustainability Management System is monitored by Yapı Kredi's Sustainability Committee that comprises a Board Member, COO, CFO, CRO as well as the AGMs of relevant departments. 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's Sustainability team coordinates the activities of the Sustainability Working Group and works in cooperation with other departments is responsible for the sustainability related data consolidation, goal and performance follow up and compliance of Bank's operations with the corporate sustainability strategy. Any noticed inconsistency are directly reported to the Committee to take preventive measures.

C12.4

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

**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

2019\_integrated\_report (1).pdf

**Page/Section reference**

Strategy, related pages below Governance: 36-37 Risks and Opportunities: 30-31, 44 Indirect Environmental Impact: 47-51 Direct Environmental Impact (Emission Targets): 58-61 Environmental Performance Tables (Emission Figures, Other Metrics): 102

**Content elements**

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets
- Other metrics

**Comment**

Strategy, related pages below Governance: 36-37 Risks and Opportunities: 30-31, 44 Indirect Environmental Impact: 47-51 Direct Environmental Impact (Emission Targets): 58-61 Environmental Performance Tables (Emission Figures, Other Metrics): 102

C-FS12.5

**(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?**

	Industry collaboration	Comment
Reporting framework	UNEP FI Principles for Responsible Banking	Yapı Kredi is a founding signatory to the United Nations Principles of Responsible Banking (UN PRB) initiative. All UN PRB signatories are required to report their alignment and their annual progress on the 6 principles of the initiative.
Industry initiative	UNEP FI Principles for Responsible Banking UNEP FI Other, please specify (Global Compact Network Turkey Declaration on Sustainable Finance)	Yapı Kredi is a member of the UNEP FI that is representative of the finance sector in general on sustainability related issues and the UN PRB that is a banking only initiative on sustainability. Yapı Kredi is also a founding signatory to the Turkish banking sector's initiative "Global Compact Network Turkey Declaration on Sustainable Finance".
Commitment	Other, please specify (Global Compact Network Turkey Declaration on Sustainable Finance )	As a founding signatory to the "Global Compact Network Turkey Declaration on Sustainable Finance" initiative Yapı Kredi commits to the environmental and social risk assessment standards outlined in the document. It should be noted that each year the document is updated in line with national market standards on sustainability related issues.

C14. Portfolio Impact

C-FS14.1

**(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)**

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	No, but we plan to do so in the next two years	<Not Applicable >	Currently we are not able to calculate our portfolio's impacts on climate change. This is due to technical difficulties since there is not a common standard to calculate this data, but also either this data is not publicly available or easy for us to access.
Investing (Asset manager)	<Not Applicable>	<Not Applicable >	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable >	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable >	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable >	This is not applicable nor material.

C-FS14.1c

**(C-FS14.1c) Why do you not conduct analysis to understand how your portfolio impacts the climate? (Scope 3 Category 15 “Investments” emissions or alternative carbon footprinting and/or exposure metrics)**

**Reason for Not Conducting Climate-Related Portfolio Impact Analysis:** Currently we are not able to calculate our portfolio's impacts on climate change. This is due to technical difficulties since there is not a common standard to calculate this data, but also either this data is not publicly available or easy for us to access. Currently we do not have in-house expertise on how to conduct a climate related portfolio impact analysis.

**Description of Plans to Implement Climate-Related Portfolio Impact Analysis:** Yapı Kredi plans to calculate its energy portfolio's climate related impact, which can be calculated with installed power's capacity multiplied with carbon intensity factor of relevant energy source obtained from Turkish Electricity Transmission Corporation. Yapı Kredi is exploring both advisory and in-house training options to be able to conduct climate related portfolio impact analysis for its energy portfolio.

C-FS14.3

**(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?**

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	In line with its credit policies Yapı Kredi already has an appetite to expand its portfolio in the renewable energy sector. However, Yapı Kredi aims to take further strategic actions to align its portfolio with below 2 degree scenario with well defined KPIs in the upcoming two years.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	This is not applicable nor material.

C15. 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.**

No additional comment

C15.1

**(C15.1) 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**

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

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