

Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

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

Halkbank was established in 1938 to support tradesmen, and craftsmen and to accelerate permanent economic development and has become one of Turkey's steadily growing, well-established, pioneering, and respected brands. Pioneering the development of the Turkish banking sector, the Bank continues to serve the real sector with its innovative products and services with a global vision, with 1,032 branches in the country and 6 abroad as of the end of 2022. Halkbank aims for a livable world where economic, social, and environmental impacts are in balance in all areas where it creates value, especially in its own operations, and growth takes place without compromising these effects. In this direction, it shapes its work with the awareness that it is possible to move forward more strongly towards the future by focusing on sustainable economic, environmental and social development. In this context, it develops products such as the Green Energy Loan Package to support efforts to reduce carbon emissions through renewable energy and energy efficiency projects in order to direct investments to more sustainable technologies and businesses. This package, provides renewable energy investment, green workplace investment, energy efficiency, green-certified construction project, and green light commercial vehicle loans. In addition, it also offers free technical consultancy services for the efficient realization of investment in a way to benefit from the knowledge and experience of engineers with energy manager certificates. Going beyond just providing financial resources to companies the use of resources, while Halkbank works hard to produce innovative solutions for such demands and needs of its customers, it pays great attention to ensuring that its activities are compatible with factors such as environmental protection and energy efficiency. It continues to implement digitalization practices that will accelerate the transition to emission reduction, waste management, and paperless banking, minimizing the carbon footprint resulting from its operations. In line with this, Halkbank has certified all its service buildings, including its Head Office and branches, with the ISO 14001 Environmental Management System and ISO 50001 Energy Management System, and becoming the first bank in the Turkish banking industry to establish and get certified in the ISO 50001 Energy Management System. It uses a program namely "İKLİM", which it has developed with its own internal resources, in order to manage, monitor, evaluate and report these systems by integrating the relevant environmental and energy management systems and implementing all the requirements. In addition, the Bank continues its waste reduction efforts with the

principle of separating its wastes and zero waste within the responsible banking culture, taking into account waste management within the scope of reducing the environmental impacts of its activities. As of 2019, all service locations have complied with the Zero Waste System, and in 2021, 1,055 service locations, including all branches, received Zero Waste Certificates. Halkbank also continues to contribute to “Green and Circular Economy” issues, Turkey's green agreement harmonization process, and studies in this context with the initiatives it has developed under the umbrella of Sustainable Banking.

In addition, Halkbank has been reporting to the Carbon Disclosure Project, one of the public disclosure platforms, since 2013 due to the importance it attaches to the transparency of its operations and has been included in the BIST Sustainability Index since 2017. It is also committed to achieving net-zero by 2050 as one of the first signatories of the NZBA in Turkey by mid-2022.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022

End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

No

C0.3

(C0.3) Select the countries/areas in which you operate.

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 activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	Agricultural products wholesale Animal processing Animal products wholesale Apparel design & manufacturing Basic plastics Coal extraction & processing Cotton farming Dairy & egg products Fast food Finished wood products Fruit farming Grain & corn farming Hypermarkets & superstores Metal smelting, refining & forming Natural gas extraction Oil & gas refining Print publishing Supermarkets, food & drugstores Textiles Wood & paper products wholesale
Investing (Asset manager)	No	
Investing (Asset owner)	No	
Insurance underwriting (Insurance company)	No	

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	HALKB
Yes, an ISIN code	TRETHAL00019

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 or committee	Responsibilities for climate-related issues
Board-level committee	<p>The Board Level Sustainability Committee reports to the Bank's Board of Directors to coordinate the Bank's sustainability activities. The committee is responsible of the Coordination of the bank's sustainability efforts, and running an assessment of the economic, environmental, and social effects of its activities, to evaluate and manage the sustainability related risks and making decisions to take necessary actions and overseeing the climate-related risks that the bank would face.</p> <p>Also risks and other matters subject to board's authorization level are escalated to board. The committee consists of 20 members at the level of board members (2), deputy general managers (5), group head (1), department heads (12). The Chairman of the sustainability committee serves as independent board member, and Vice Chairman of the sustainability committee serves as member of the board. Since the Head of Risk Management Department, the Head of Credit Management, Head of Credit Policies Department, Firm and Project Analysis and Head of Internal Systems Group is also a member of the sustainability committee, there is a strong oversight regarding the climate issues.</p> <p>Decision made by the committee : In 2021, the Committee decided to improve business processes in order to adapt to national and international developments within the scope of combating the climate crisis. In this direction, the Committee has decided to establish a Climate Action Plan , which includes science-based targets, analyses of direct and indirect risks and opportunities of climate change, and comprehensive studies on sustainable finance products and has started working in this direction. In addition, Halkbank aims to achieve a net-zero portfolio by at least 2050 with the near-term emission targets it will set in the light of climate science with science-based targets. The bank has also joined the Net-Zero Banking Alliance and committed to setting GHG emission reduction targets across its operations and its portfolio in line with SBTI criteria in 2022.</p>

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 – all meetings	<p>Reviewing and guiding annual budgets</p> <p>Overseeing major capital expenditures</p> <p>Overseeing acquisitions, mergers, and divestitures</p> <p>Reviewing innovation/R&D priorities</p> <p>Overseeing and guiding employee incentives</p> <p>Reviewing and guiding strategy</p> <p>Overseeing and guiding the development of a transition plan</p> <p>Monitoring the implementation of a transition plan</p> <p>Overseeing and guiding scenario analysis</p> <p>Overseeing the setting of corporate targets</p> <p>Monitoring progress towards corporate targets</p>	<p>Climate-related risks and opportunities to our own operations</p> <p>Climate-related risks and opportunities to our banking activities</p> <p>The impact of our own operations on the climate</p> <p>The impact of our banking activities on the climate</p>	<p>The Board of Directors carries out the Sustainability Management by joining the Sustainability Committee with two members (at the level of the Chairman and the Vice Chairman). The sustainability committee meets at least 4 times a year for its regular scheduled meetings. In regular meetings, risks and opportunities related to climate change and other sustainability issues are evaluated and targets are determined in our direct operations and bank loan and investment activities. For example, Halkbank’s Net-Zero targets and strategy is carried out by the Sustainability Committee which includes members of BOD.</p> <p>Budget adjustments and performance targets are discussed and decided by a majority vote to achieve climate-related targets. All our banking activities are included in the integrated management system. Environmental performances are constantly monitored and evaluated, taking into account the expectations of internal and external stakeholders. Based on these evaluations, goals, and targets are determined and necessary activities are carried out with continuous improvement. In addition, the periodic performance of the targets is compared with the results of the determined period, and necessary revisions are decided. Decisions on rewarding performance on sustainability issues are also taken at regular meetings. At the meetings, climate-related issues are</p>

	<p>Overseeing and guiding public policy engagement</p> <p>Overseeing value chain engagement</p> <p>Reviewing and guiding the risk management process</p>		<p>also discussed with a risk&opportunity-based approach, and policy updates and suggestions for measures are conveyed to the responsible units in line with the bank's lending policies.</p> <p>In 2022, The BoD aimed to create value for stakeholders, manage the risks and opportunities related to climate change, reduce the emissions from the Bank's activities, and increase the Bank's sustainability performance by developing environmentally friendly projects.</p>
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C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	<p>As Halkbank, we are subject to Turkish Banking Law and Capital Markets Board (CMB) regulations in the elections of the Board of Directors. The education level of the board about sustainability is important as a climate change competency. The chairman of the Sustainability Committee, who is also a member of BoD, is competent in sustainable development and economics due to their training and expertise. These criteria meet the board members' competence on climate-related issues.</p> <p>In addition, all Sustainability Committee members have KPIs on environmental and sustainability issues. In order to evaluate their competence in climate and water-related issues, the fact that they have achieved these targets in the past is used as a criterion and proves their competence.</p>

C1.2

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

Position or committee

Other C-Suite Officer, please specify

Chairman of Sustainability Committee

Climate-related responsibilities of this position

- Developing a climate transition plan
- Implementing a climate transition plan
- Integrating climate-related issues into the strategy
- Conducting climate-related scenario analysis
- Setting climate-related corporate targets
- Monitoring progress against climate-related corporate targets
- Managing public policy engagement that may impact the climate
- Managing value chain engagement on climate-related issues
- Assessing climate-related risks and opportunities
- Managing climate-related risks and opportunities

Coverage of responsibilities

- Risks and opportunities related to our banking
- Risks and opportunities related to our own operations

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

The Sustainability committee is the authorized body of the bank's organization on sustainability issues and works subordinately to the board of directors. Members of the committee are appointed by the board of directors. Sustainability committee reports directly to the board of directors quarterly in order to coordinate the operations of the Bank related to sustainability. The committee carries out the monitoring function over the Banks operations in order to ensure that the impacts of the Banks operations over economical, environmental and social impacts are in conformity with the articles of "Sustainability Policy" determined by the board of directors. Sustainability committee, whose members are appointed from the Banks board members, group managers, deputy general managers and head of departments such as Credit Policies, Monitoring and Legal Proceedings, Financial Management and Planning, Head of Credit Policies Department and Head of Investor Relations, holds scheduled meetings at least four times in a year.

The Chairman of the Sustainability Committee is also a member of the Institution's Independent Board of Directors. The chairman leads the committee to monitor the duties and authorities of the Sustainability Committee and to fulfill the responsibilities of the committee. The Chairman of the Sustainability Committee is therefore the highest responsible for the management of climate related issues.

Risks and opportunities on sustainability matters, which include issues related to climate change are also evaluated in these meetings and targets are set. Budget adjustments and performance targets are discussed and decided by the majority of the votes. In addition, periodical performance results are compared to the targets and decisions for

revisions are made if necessary. Rewarding decisions related to sustainability performance are also made in the committee meetings. Committee makes necessary determinations and forms working groups by the participation of related departments, in order to reduce the potential negative impacts of the Banks operations in terms of sustainability. Committee determines the procedures and principles for the Banks energy management. Committee analyses the results of data gathered based on energy management, informs related departments inside the organization, offers suggestions for actions and measures to be taken, reports and discloses for public engagement.

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	N/A

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

Corporate executive team

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Progress towards a climate-related target

Reduction in absolute emissions

Energy efficiency improvement

Increased share of revenue from low-carbon products or services in product or service portfolio

Increased engagement with clients on climate-related issues

Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

As Halkbank, we provide incentives (monetarily and through corporate recognition) to Corporate Executive Team members according to their success and performance in the

energy and climate-related areas. Additionally, applicable and innovative ideas related to climate change can be rewarded monetarily with the committee decision.

Halkbank has a methodology in which the Annual Premium table is calculated. This methodology evaluates in 5 different levels. According to this calculation, "premium = Gross salary x 1.2" is calculated in case of high performance.

The numeric value closest to realizing the KPI at the end of the year benefits from level 1 methodology and the numeric value farthest from realizing the is from level 5 methodology. In addition to this performance account, the opinion score of the unit managers is also included.

Explain how this incentive contributes to the implementation of your organization’s climate commitments and/or climate transition plan

The Sustainability Practices, Environment and Energy Management unit is rewarded financially for the achievement of climate-related targets. The KPIs awarded with bonuses are as follows:

- Reducing the energy and natural resource consumption of the branches and minimizing the damage to nature by raising awareness,
- Increasing scores in reporting to international institutions,
- Following the regulations, creating the project, making it successful and reporting it.

When these climate-related KPIs are realized, giving financial rewards to employees shows the importance Halkbank attaches to its personnel in the success of the projects it develops and ensures the continuity of success.

System improvements made by the relevant climate change KPIs at Halkbank over the years return as project successes and reputation gains.

C-FS1.4

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

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated
Row 1	Yes, as the default investment option for all plans offered	Employees are automatically registered in the BES (Pension System) at Halkbank. During registration, employees can make their own fund choices. Among the fund options offered, there is also the stock funds that include companies in the sustainability indexes. In this way, employees are enrolled in an employment-based retirement scheme that incorporates ESG criteria.

C2. Risks and opportunities

C2.1

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

Yes

C2.1a

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

	From (years)	To (years)	Comment
Short-term	0	3	<p>Halkbank defines short term as time period up to 3 years time.</p> <p>Opportunities identified to have impacts on short term are;</p> <ul style="list-style-type: none"> +Arising demand for green and responsible products and services (for example renewable energy financing funds) +Most qualified and talented employees preferences on working for responsible corporations (companies who adopt responsible operating principles will have an advantage) +Responsible products and services being considered positively by foreign investors +Positive contributions to corporate reputation +Easy access to purpose-oriented financial instruments <p>Risks identified to have impacts on the short term are;</p> <ul style="list-style-type: none"> -Impacts of social and demographic changes on the sector (global migrations, changes in the needs of the aging population) -Data security issues arising from digitalization trends -Variability in the costs of energy -Loss of market share due to products and services related to climate change not being present in the product inventory -Pressure on the risk portfolio of the loans and services of companies due to physical changes originating from climate change -Emission reporting obligations
Medium-term	3	10	<p>Halkbank defines medium term as the period between 3-10 years.</p> <p>Opportunities identified to have impacts on medium term are:</p> <ul style="list-style-type: none"> +Opportunity to integrate the increasing young population to the financial system +Corporate sustainability turning into a new area of competition by the BIST sustainability index independent to sector. +Effectiveness provided by the energy efficiency + Direct positive effects over the company bottom-line

			<p>+Positive contributions of research and development works</p> <p>Risks that are identified to have impacts over the medium term are:</p> <ul style="list-style-type: none"> -Impacts of climate change over the bank's products and services - The extinction of natural resources has impacts on Bank's resource management -Pressures occurring on the risk portfolio of the loans and services of companies due to physical changes originating from climate change -Problems over the communication with the Z generation and green collar employee groups, in terms of human resources -Impacts of taxation costs and emissions related to climate changes over Bank's performance (both the direct effects over the Bank and the indirect effects of the burdens over the bank customers) -Operational risks caused by physical conditions -Emission reporting obligations
Long-term	10	100	<p>Periods longer than 10 years are considered as long term, in Halkbank business strategy.</p> <p>Opportunities determined for long term are,</p> <ul style="list-style-type: none"> +Contributions of sustainability management on corporate reputation +Effectiveness provided by the energy efficiency +Direct positive impacts of low-emission products and services over the company +Positive contributions of research and development works +Renewable energy regulations enabling opportunities to expand to new markets. +Cap and trade programs providing the commercial operations to diversify +Transitions in customer preferences due to changes in climate normal/extremes <p>Risks identified for long term are:</p> <ul style="list-style-type: none"> -Declines on technical knowledge levels having negative impacts over advanced financial services -Emission reporting obligations

C2.1b

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

While achieving the targets and strategies of the Bank collectively and for each type of risk, there is a limit of risk we want to carry. The threshold level is determined to ensure that the Bank remains within the limits of its risk capacity. The trigger level refers to the level of early warning of the risk level. The purpose of the risk level framework is not to prevent taking risks, but to ensure that bank strategies and plans are applied in a consistent manner with the risk level determined by the Board of Directors and that the Bank has an appropriate risk profile.

Risk and performance indicators are created by taking into account the scope of the risk in order to provide an analysis of risk factors that are considered to have an impact. While creating these indicators, it should be taken into consideration that operational losses/errors may affect risks. Therefore, the same metrics can be taken into account both in determining operational risk and in assessing reputation risks. Apart from this, metrics that do not indicate operational risk but point to reputation risk can be created. The numerical quantities in the indicators and the changes these sizes show over time are used in the process of determining and evaluating the risks. For example, reconciliation errors, staff turnover rate, number of system outages, transaction volumes and error numbers, audit scores, number/rate of non-audit activity areas.

Quantifiable Risk indicators (for example, the number of system outages in a given period) are used to monitor possible factors related to key risks. Performance indicators (for example, customer satisfaction index, indicators such as a high degree of change in stock prices compared to banks of similar scale) provide meaningful information about the current state of business processes with operational weaknesses, errors and losses. Both risk and performance indicators act as a trigger mechanism at trigger levels where risk levels approach or exceed threshold/limits and require immediate risk reduction. A rise event due to climate change exceeding TRY 55,000,000 to be experienced on an annual basis or in a single event can be considered to have a substantive financial impact for Halkbank.

C2.2

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

Value chain stage(s) covered

Direct operations
Upstream

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

Risks related to economic, environmental, and social issues are reviewed by the Board of Directors more than once a year.

Identification: The Credit Committee, Audit Committee, Corporate Governing Committee, Asset-Liability Committee, Charges Committee, Operational Risk

Committee and Sustainability Committee all report to the Board of Directors. Sustainable development indicators are managed by the Board of Directors within the framework of the Turkish Commercial Code, Banking Legislation, Capital Market Legislation, other relevant legislation, and the Bank's Articles of Association. Accordingly, climate change risk and opportunity indicators are evaluated by the Board of Directors through the Sustainability Committee in order to point out which risks and opportunities could have a substantive financial or strategic impact on the organization that has been reported by the committees.

Assesment: The sustainability committee holds at least four meetings in a year. Identified risks are handled through the works carried out by Sustainability Practices, Environment and Energy Management division and information forwarded by other miscellaneous business units. Actions to be taken to manage these risks are decided. Risks that are discussed in the meetings are not limited to the actual time frame, previously identified risks and actions are taken to manage those risks are monitored and possible revisions can be decided at the same time too. Research is performed and reported based on industry and sector. The risks are evaluated at least four times in a year, in the regular meetings of Sustainability Committee, and at least once by the Board, in the Management Review.

Responding: In order to mitigate, transfer and control the identified climate-related risks and to capitalize on opportunities, the Board of Directors delegate its powers to make loans within limits set forth in the provisions of the Banking Law, as well as other powers, to management organs and managers, as defined in the internal directive, and in accordance with the guidelines and procedures laid down by the Banking Regulation and Supervisory Board, and monitors developments pertaining to the powers that it has delegated, ensuring that they are supervised by the units assigned with the responsibility within the Bank's internal risk assessment processes.

To ensure the risks arising from bank's direct operations that may affect its operations are managed effectively, an Internationally Recognized Risk Management Framework has been devised and integrated with business processes in line with the procedures and guidelines stipulated in the Banking Law.

The Risk Management Department establishes the necessary risk management systems with regard to the credit, market, liquidity and operational risks facing the Bank, monitors the sufficiency and efficiency of those systems, and evaluates, monitors and reports on the risks.

Risk management processes include the following:

- Works regarding the risk level of the balance sheet are undertaken in the process of budget preparation.
- Forward-looking assumptions are made based on stress tests and scenario analyses evaluating the potential impact of unforeseen market conditions on the core areas of operation; the amount of capital that is required to be set aside for each type of risk is calculated; and the outcome of analyses is shared by the senior management.
- As part of the Corporate Risk Management process, area managers identify and assess potential risks in the Bank's operating areas and the necessary controls are established in order to prevent such risks.
- If such risks are determined to have an impact up to 55 M TRY on an annual basis or in a single event, the risk then classified as high impact.

Case study 1: In terms of an extreme weather event that can cause destruction in farmlands and hydropower plants, the possible financial and operational risks related to these sectors and regions are assessed by the sustainability committee and board of directors. The possible impact levels are decided by Risk Management Department in line with the sustainability committee. The end results are shared with other related business units and actions to be taken are discussed necessary control mechanisms are established.

Case study 2: As the transition to a lower-carbon economy progress, the customers of Bank are looking for opportunities for a smoother transition. Transitioning to a 1.5 Degrees world is fastening and sectors such as energy and manufacturing may face new regulations related to climate change. The opportunity and risk levels of this scenarios are evaluated in sustainability committee and the Board in line with the bank's risk management systems. The outcomes are shared with related business units and committees and further actions are established

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	Even though the current regulations are directly affecting mostly the manufacturing and energy sectors, their impact on the bank is indirect. For example, in Turkey, the Ministry of Environment and Urbanization published regulations related to climate change such as "Substances that Deplete the Ozone Layer" & "Monitoring of Greenhouse Gas Emissions (MRV)" Most of our customers who are active in carbon intense sectors are responsible to meet the requirements of these regulations. When non-compliance with the regulations are determined, penal sanctions are applied by the authorities. That can affect our customers' ability to repay, which would affect the bank. This is considered an operational risk and liquidity risk for the bank. Thus, the risk type is relevant to Halkbank and always included in the climate-related risk assessments.
Emerging regulation	Relevant, always included	Failing to comply with the emerging regulations related to climate change may cause fines, which may be considered an operational risk, and also liquidity risk. Newly published regulations are followed on a daily basis by the compliance department and concerned business units are informed about relevant changes. Works are carried out in cooperation with relevant business units in order to maintain compliance with the current practices of the bank and the new coming regulations. A proactive follow-up is carried on for the possibly

		<p>improvable topics on legislative issues. Participation and feedback are provided to the legislative process through working groups and declaration of views.</p> <p>The European Union has put forward the Green Deal, aiming to reduce greenhouse gas emissions by 55% by 2030 and to be net-zero by 2050. Türkiye has also passed the Paris Agreement in October 2021 and in line with the purpose of the Paris Agreement and EU Green Deal, Turkey has announced its goal of achieving net-zero emissions by 2053. The EU aims to completely change the fossil fuel-based economic model by spreading the Green Deal criteria to the countries that have business relations with Europe.</p> <p>The regulation will require companies to monitor and verify their greenhouse gas emissions. Due to these developments, Türkiye is working on its own ETS for reel sector to meet Carbon Border Adjustment Mechanism requirements. ETS will be more strict and will bring financially liability to the main carbon intensive sectors than the MRV.</p> <p>We are aware of the risks and opportunities this situation holds. We are establishing systems to integrate possible carbon pricing in project evaluation reports of energy and carbon-intensive sectors projects we finance. We see this regulation, which directly affects Türkiye, and our customers, as an opportunity to transform the country's economy. Customers will also look for new opportunities to excel in their transition to a low-carbon economy and establish new management systems and they will be needing funding. This will provide Halkbank with new markets and opportunities related to climate change.</p>
Technology	Relevant, always included	<p>There is operational risk in terms of profitability and regulation-related sanctioning, when the devices and equipment installed are not energy efficient, causing high carbon emissions or not compliant with emission regulations.</p> <p>Due to the new technologies arising in accordance with climate-related emerging regulations, there will be a lot of customers that wish to integrate their business into a low-carbon version in line with 1.5 Degrees World. This will also lead low-carbon products to have a bigger section in the market, from climate-related digital entrepreneurs to great clean-energy producing. In this case, as a bank, we can provide lending to both producers and users of these low-carbon products. At the same time, there is also the risk of repayments failing which then would directly affect the bank. The Bank began to quantitatively test the compliance of the companies in its portfolio with climate-related policy and technology risks.</p> <p>Thus it is important to follow up on the technological development related to climate change both for our operations and for reel sector and this risk type is always relevant and included in our risk assessment process. In this scope, as Halkbank, we are working on</p>

		software that will allow us to monitor the greenhouse gas emissions of our branches and possibly our customers in the coming years.
Legal	Relevant, always included	Both operational and credit risks are considered when legal issues related to climate change are addressed. Newly published regulations are followed on a daily basis by the compliance department and concerned business units are informed about relevant changes. Also, legal issues about companies relevant to environmental pollution (like fines issued by the government or legal decisions of the courts) are followed by the bank's intelligence departments and reported to the relevant divisions. This information is also taken into consideration in the creditability evaluation processes of the candidate customers of the bank as a negative effect on their creditability. Therefore, this risk type is always relevant and included in our risk assessment process. Possible taxation practices and emission regulations are also followed and necessary precautions are taken to maintain compliance
Market	Relevant, always included	Changes in customer preferences and rival companies' new inventions related to climate change have to be followed closely in order to cope with market risks. Recent developments and trends relating to the environment, climate and sustainability issues are followed through the public sources by the bank's intelligence departments and relevant divisions are informed about the risks and opportunities. Works are carried out in the areas of product development and implementing best practices for meeting the expectations of customers and marketing teams. With the emerging regulations, new markets will occur and market shares will change. If Halkbank fail to provide needed products and services to the right market, Halkbank may lose its market shares and revenues. This risk has been given in C2.3a. New low-carbon products and greener options in terms of climate change are arising everyday. Customer companies of the bank are facing the risks related to the transition to a low-carbon economy in terms of new investments and new fields to compete. The risks they are facing indirectly affect the bank in terms of their repayments and new market risks. Thus, the market risks are always relevant and included in our risk assessment procedures and it is integrated into our project evaluation reports.
Reputation	Relevant, always included	Climate-related negative reputation may cause both credit and market risks for the Bank. A negative reputation may cause the bank difficulties to receive foreign funds, which will decrease the capability to lend. Also, a negative reputation for the Bank may lead to market share loss as customers are highly sensitive to reputation-based issues in financial sectors. Thus reputation risks are relevant and always included in the risk assessment process of Halkbank. The indicators that can affect the

		<p>bank's reputation are integrated into project evaluation reports and they are taken into account as well. The Bank's reputation levels regarding climate, nature and sustainability issues are given importance as a requirement of the board's policy, and Halkbank involves in the sustainability indexes that are regulated both nationally and internationally. Periodical reputation studies and surveys are carried out by the corporate communication department.</p>
Acute physical	Relevant, always included	<p>According to the Turkey 2022 Climate Assessment Report prepared by the General Directorate of Meteorology, the average temperature of Türkiye in 2022 was 14.5°C, which was 0.6°C above the 1981-2020 average of 13.9°C.</p> <p>Whereas the 1981-2010 average temperature was 13.5°C.</p> <p>This made the year 2022 the 7th warmest year.. According to the Evaluation Report, 1030 extraordinary weather events were recorded in 2021 in Turkey. There has been an increasing trend in extreme event trends, especially in the last two decades. It was recorded that extreme weather events were caused 33.6% of the time by heavy rains, 21.4% by storms, hail by 18.5% and 11.7% by snow.</p> <p>Türkiye is going through both drought and heavy rainfalls at the same time and different location of the country.</p> <p>The harm caused by these events is important for the Bank's risk assessment for its portfolio and direct operations. The customer companies are asked if they are integrated the acute physical risks related to climate change in their risk assessments via the project evaluation reports. Their responses are used as input to banks risk assessments and lending processes. The harm the companies face may cause the repayments to fail and this would directly affect the bank. Thus, the risk type is relevant and always included in the bank's risk assessments.</p>
Chronic physical	Relevant, always included	<p>Long-term shifts in climate patterns like temperature rise, causing climate change itself, is very visible in today's world. According to the Turkey 2022 Climate Assessment Report prepared by the General Directorate of Meteorology, heavy rains due to extreme temperature changes that occurred in 2022 constitute 33.6% of the total in meteorological disaster distribution. Reel sector companies and smallholders has been affected greatly from the disasters. Any distribution to their production lines, Halkbank also face a liquidity risk indirectly. Halkbank closely follows the methodology that UNEP-FI and several banks have been working on together. In addition, our bank develops analytical tools that can help identify climate risks and opportunities.</p> <p>The outcomes will not only affect our bank lending and direct operations but every aspect of life and the world. As Halkbank, we are aware of our contribution to these impacts, and we are working on</p>

		providing more lending to greener and low-carbon projects instead of conventional business options in terms of climate. The related information is gathered within the project evaluation reports and decisions on lending and other actions are made afterward. Thus, the risk type is relevant and always considered in our risk assessment procedures.
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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
Banking (Bank)	Yes

C-FS2.2c

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

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Banking (Bank)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	Scenario analysis Internal tools/methods External consultants	We assess our portfolio's exposure to climate-related risks and opportunities. Investments financed by Halkbank are evaluated with the project evaluation report. Assessment criteria, including environmental and social impact

						<p>assessment issues and other sustainability issues, have been integrated into the scoring system within the scope of the report. As of 2016, with the investments, the current activities of the company have been started to be evaluated and scored in terms of environmental and social impact. The evaluation criteria, which were integrated into the system in 2011 to make a corporate social responsibility assessment, were updated at the beginning of 2016 to include developments in sustainability. Firms and projects requesting loans with the Company Assessment Report scoring methodology are within the scope of the "Sustainability Evaluation" in accordance with</p>
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						<p>the article "To take care to evaluate the credit demands within the framework of the Bank's credit policies by considering environmental and social factors, as well as economic factors in Sustainability and Environmental Policies, is scored. Not only investments but also the activities of companies applying for loans are evaluated in terms of sustainability. Environmental factors and sustainability assessment are divided into 3 different groups as low, medium and high risk. The headings included in the Sustainability Assessment are as follows: Environmental Impact Assessment Report, Green Building Certificate, ISO Environmental Management</p>
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						<p>Certificate, Carbon Emission Assessment, Occupational Health and Safety Assessment. Sustainability Committee evaluates and implements suggestions for improvement and functioning of the mechanism in the environmental and social assessments in lending processes. Halkbank negatively evaluates projects in sectors that are accepted and banned in a very high-risk group in the international literature. All commercial loan requests and the loan requests over 50M TRY from SME's are subject to the loan evaluation report. All greenfield investment loan request from SME's below 50M TRY is also subject to the project evaluation report besides</p>
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						the loan evaluation report. We estimate the coverage of our project investment portfolio against these thresholds as 100% in 2022.
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C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information
Banking (Bank)	Yes

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio

Banking (Bank)

Type of climate-related information considered

Emissions data
Energy usage data
Climate transition plans

Process through which information is obtained

Directly from the client/investee
Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy

State how this climate-related information influences your decision-making

For the loan requests to some specific fund programs, the emission, energy and emission reduction data are requested from the project owners. Information regarding climate transition strategy of clients are also requested. This is done via the loan and project evaluation reports. We can see customers' inputs to the environment and its results related to climate in these reports. In these reports in line with our risk assessment procedures, we request our customer companies to disclose their business'

environmental impact assessments, which include their water use and consumption and deforestation contributions. Their carbon emissions and any other related emission reduction plans and strategies are requested. 9188 companies were evaluated with evaluation reports and 8133 of these companies were evaluated within the scope of sustainability and environmental risk assessment between 01.01.2022 and 31.12.2022.

Decision example: All the information gathered related to environmental and climate change subjects in this process affects the lending process. In case of customers do not meet the sustainability requirements of specific fund programs the Bank may end the lending processes. In 2022, Halkbank has rejected 0.6% of total Executive level credit applications due to not fulfilling requirements that includes climate related ones. In line with our NZBA and SBTI commitments to have net-zero portfolio by 2050, we are improving and establishing new systems for better data collection and due diligence processes.

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?

Banking portfolio

Risk type & Primary climate-related risk driver

Market

Uncertainty in market signals

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

Impact specific to the company: As the world is transitioning to a low-carbon economy, current and new customers of the bank are in need of more sustainable and greener banking services. As also specified in C2.2a under the market risk description, failing to provide the best available options to customers for transitioning to 1.5 degrees world, may lead to a loss in market share and revenue for Halkbank. In 2022, Halkbank has provided 2,5 Billion TRY to renewable energy financing. This is 1.8 B more than 2021 value.

With these lendings provided, Halkbank has increased its market share by 0.7% in Türkiye's total installed capacity of renewable electricity.

If Halkbank were not able to provide these products, instead of increasing its market share, it could be decreased as same amount. The market share loss would create a financial strategic impact for Halkbank.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

251,572,462.05

Potential financial impact figure – maximum (currency)

503,144,924.1

Explanation of financial impact figure

In 2022, Halkbank has provided 2,5 billion TRY to renewable energy financing. Failing to provide the best available options to customers for transitioning to 1.5 degrees world, may lead to a loss in market share and revenue. Thus, the potential financial impact figure of the risk is taken as the possible revenue related to financings provided to renewable energy financing in 2022. The estimated revenue due to the interest rate for these financings has been assumed to be 10% and 20% minimum and maximum respectively due to confidentiality.

The potential impact figure has been calculated as: $(2.5 \text{ M B TRY} * 0,1) = 251,572,462.05 \text{ TRY}$ and $(2.5 \text{ B 654 M TRY} * 0,2) = 503,144,924.10 \text{ TRY}$. These amounts are estimated to be the potential financial impact of such risks if new renewable energy financings in line with the transition to 1.5 degrees world would not have been provided to customers in 2022.

Cost of response to risk

1,000,000

Description of response and explanation of cost calculation

Description of the action(s): To increase its capacity to finance energy projects, Halkbank formed an evaluation team of 16 review engineers, including 10 energy managers. Halkbank is responding to loan requests timely by developing new services and products for renewable energy projects. These actions are led by the Sustainability Committee of Halkbank, which has a member of BoD as its chairman. Necessary trainings are provided to employees to meet the possible customer requirements about the regulations and renewable energy sector lendings. The trainings, advertisements of the services & products and new purchases in relation with these products and services financial cost was about 1.000.000 TRY in 2022. This figure is estimated with the assumptions of the expense of the evaluation team's spendings above.

Result of action(s) and timescale: This evaluation team has supported the lending processes of renewable energy projects in 2022 and as a result, Halkbank has provided 2,5 billion TRY to renewable energy financing in 2022.

Comment

N/A

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Markets

Primary climate-related opportunity driver

Access to new markets

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

Impact specific to the company: With the rising renewable energy needs and requirements for transitioning to a low-carbon economy, new markets for energy are growing. Our customers from sectors affected by the transition to a low-carbon economy are also looking for new ways to improve themselves in order not to conflict with the constantly emerging regulations such as GreenDeal and also not contribute to climate change. Therefore, the importance of investments such as renewable energy systems, solar panels, and wind turbines is increasing. New investments in these areas are already taken place in the sector. As Halkbank, we follow closely the innovation and investment opportunities we can achieve in this increasing market. We provide our customer's options within the new market, such as lower lending rates and longer investment time horizons. Thus, our activities in new markets accelerate and we can increase our income accordingly. In 2022, Halkbank has provided 2.5B TRY to renewable energy financing. The revenue that will be gathered through the years is a potential opportunity for us.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

251,572,462.05

Potential financial impact figure – maximum (currency)

503,144,924.1

Explanation of financial impact figure

Accessing new markets provides Halkbank to enlarge its credit portfolio and customer base. The targets of the new regulations in the field of renewable energy will increase the income of Halkbank together with the loans to be provided. The financial impact figure is calculated with the assumption of 10 & 20 percent of the profit from these financings as a minimum and maximum: the financial impact figures have been calculated as total financing to renewable projects in 2022 * minimum and maximum estimated profit percentages. Which makes:

$2.5B * 0,1 = 251,572,462.05 \text{ TRY}$

$2.5B * 0,2 = 503,144,924.10 \text{ TRY}$

Cost to realize opportunity

1,000,000

Strategy to realize opportunity and explanation of cost calculation

Description of the action(s): To increase its capacity to finance energy projects, Halkbank formed an evaluation team of 16 review engineers, including 10 energy managers. Halkbank is responding to loan requests timely by developing new services and products for renewable energy projects. These actions are led by the Sustainability Committee of Halkbank, which has a member of BoD as its chairman. Necessary trainings are provided to employees to meet the possible customer requirements about the regulations and renewable energy sector lendings. The trainings, advertisements of the services & products and new purchases in relation with these products and services financial cost was about 1.000.000 TRY in 2022. This figure is estimated with the assumptions of the expense of the evaluation team's spendings above.

Result of action(s) and timescale: This evaluation team has supported the lending processes of renewable energy projects in 2022 and as a result, Halkbank has provided 2,5 billion TRY to renewable energy financing in 2022.

Comment

N/A

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan

Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan

We do not have a feedback mechanism in place, but we plan to introduce one within the next two years

Attach any relevant documents which detail your climate transition plan (optional)

 HALKBANK CLIMATE CHANGE ACTION PLAN STATEMENT.pdf

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Use of climate-related scenario analysis to inform strategy	
Row 1	Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios NGFS scenarios framework	Portfolio		<p>As Halkbank we use climate scenarios to foresee the possible outcomes for our lending activities and our own operations in the future due to climate change. We focus and work with the Network for Greening the Financial System (NGFS) climate scenarios. NGFS is a network of 114 central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for central banks' role in climate change. Its purpose is to define, promote and contribute to the development of best practices to be implemented and to conduct or commission analytical work on green finance. NGFS scenarios provide insight into how changes in climate will affect future financial and economic risks and how they can be evaluated. They provide consistency and comparable results in scenario analysis of organizations around the world. NGFS considers climate scenarios as orderly, disorderly and hot house world dimensions. Disorderly scenarios assume that policies and actions to be taken are delayed and transitional risks would get higher. Hothouse scenarios assume that actions to be taken are late and the impact of climate change is irreversibly realized. Whereas orderly scenarios assume that climate-related policies are implemented quickly and become more stringent over time. In this scenario, both physical and transitional risks related to climate change are minimized. Under each of these dimensions, a total of 6 more detailed scenarios are provided by NGFS. As Halkbank we use the Net-Zero 2050 option under the orderly scenario. Net-Zero 2050 assumes that global warming is limited to 1.5 Degrees, strict climate policies</p>

			are implemented, and reaching net-zero GHG in 2050 is possible. in NGFS scenarios, higher carbon prices mean a more strict policy. The scenario suggests that \$160 per tonne of carbon is necessary to incentivize the climate transition towards 2050 Net-Zero. The scenario suggests that energy investments must shift to greener options immediately and by 2050 green electricity should double other electricity investments. In line with this, we became one of the early signatories of NZBA in mid-2022 in Turkey and we are committed to reaching a net-zero portfolio by 2050.
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C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

When planning with the NGFS Net-Zero 2050 scenario, we considered below focal questions:

How the global warming will be affecting our operations and our portfolio distribution?

What possible future developments need to be achieved to face little to no risk related to climate change?

What variables are needed to be included in decision-making?

Results of the climate-related scenario analysis with respect to the focal questions

How the global warming will be affecting our operations and our portfolio distribution?

Result: According to NGFS Net-Zero 2050 scenario, GDP losses will be around 10% for Turkey. Change in populations exposed to extreme weather events is expected to increase between 0.5 and 2 times. Decreasing energy use might be expected due to an increase in energy costs and carbon prices. These are currently leading our portfolio to shift to more energy-saving and low-carbon sectors.

What possible future developments need to be achieved to face little to no risk related to climate change?

Result: To provide our customers the best services in a transitioning to a 1.5 degrees world and reduce risks to be faced, Halkbank has started using climate scenarios and providing more climate-safe services.

Decision: As of mid-2022, we have joined Net Zero Banking Alliance and committed to having a net-zero portfolio by 2050 at last.

What variables are needed to be included in decision-making?

Result: According to the results of our scenario analysis, the main variables of interest to Banks in NGFS scenarios are Sectoral GHG Emissions and Carbon Price development.

We are focusing on the sectoral breakdown of our portfolio in light of the NGFS scenario. In this way, we are able to foresee which customers will be having a higher climate-related risk depending on their sectors, geographies and climate-related regulations. This then provides the perspective to have a climate-related decision-making process.

C3.3

(C3.3) 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	<p>With worldwide increased awareness of climate change, issues related to that and its effects are being more visible. Following that, emerging policies and reputation risks due to climate change are changing customer needs and preferences for low-carbon products and services. These shifts in consumer preferences have influenced our approach to strategy to products and services.</p> <p>Climate-sensitive products such as loans and financial services incentivizing and supporting renewable energy are developed. The new financial services are offered to current and potential customers, which are exposed to climate-related risks. Climate-related risks of conventional investments and projects are commenced to be involved in the evaluation processes of loan requests. The margins of these products and services reached a certain and significant level, and are considered a profitable area. In 2022, Halkbank has provided 2.5 Billion TRY to renewable energy financing. Also in mid-2022, Halkbank joined Net Zero Banking Alliance & committed to SBTI to have a net-zero portfolio by 2050 at last. Therefore, we are adjusting our products and services specifically for low-carbon sectors.</p> <p>Additionally in 2022, Halkbank has invested in low carbon products such as carbon neutral credit cards. These products help to reduce embodied emissions of cards by using raw materials other than plastics.</p>

Supply chain and/or value chain	Yes	<p>Low energy-consuming vehicles and IT hardware and products are preferred in acquisitions for Bank's operations. In addition, the suppliers are encouraged to produce such low energy consuming and efficient products. Supplier and value chain engagement related to climate change is important for Halkbank. In terms of corporate purchases, data is gathered from suppliers and scored based on their environmental and climate impacts. This provides an option to see and choose suppliers with less impact on climate. In our annual executive meetings, we make sure that no extra carbon emissions occur. In order to achieve this, we cooperate with business owners and ask for low-carbon services and products. In addition, the total carbon emissions emitted in these meetings are offset in accordance with PAS 2060 standard since 2014.</p>
Investment in R&D	Yes	<p>The software İKLİM is developed by Halkbank R&D department in order to have an efficient monitoring system of energy and environmental management of the branches. This helps the Bank to monitor branches' situations in emission levels and environmental aspects. This project is still in progress. When the project is finalized in a few years, we also consider introducing this software to our suppliers and our customers, so that we can monitor emissions that affect us indirectly. This project will also support our target to have net-zero portfolio by 2050 as it improves data collecting systems and due diligence processes. İKLİM software has started to be supported by artificial intelligence (AI). In order for Halkbank to accurately calculate the carbon emissions arising from the bank's operations, the AI reads the invoices (text reading) of the necessary energy and natural resource consumption data, minimizing human error and making operational business processes more efficient. Approximately 20.000 TRY is invested for this project.</p> <p>Another climate-related R&D project that will allow customers to choose from is in progress. We will provide our customers with low-carbon alternatives to our products in the coming years.</p>
Operations	Yes	<p>As the financial risks posed by carbon taxes started to have a high share in risk analysis, initiatives to reduce carbon emissions started to increase. As a start to the reduction of scope 2 emissions in 2018, solar energy panels were installed in our headquarters in Ataşehir. In this way, 9,435 kWh electricity consumption was realized from renewable</p>

		<p>energy sources in 2022.</p> <p>In line with our targets to be achieved in coming years, efforts to reduce carbon emissions that we cause are increasing. We plan to reduce our scope 2 emissions by increasing the use of renewable energy in our headquarters and other branches. In line with our NZBA and SBTI commitments, we started to work on establishing Solar Power Panels in Konya and Bitlis to meet our operational energy needs. With this project, which will be completed in 2023, we will be meeting approximately 4% of our total energy needs for all our locations. Within the scope of its operational activities in 2022, Halkbank allocated 405 thousand TRY for its efforts to combat the climate crisis. Additionally, we are planning to increase the renewable energy rate in our total energy use in the coming years.</p>
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C3.4

(C3.4) 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	Revenues Direct costs Capital expenditures Capital allocation Access to capital Assets	<p>New service commitments, increased marketability and increased profitability due to lower-cost credit products. The high turnover rates due to long-term follow-ups by international organizations have also affected the income and profitability of these loans positively. Regarding the operational cost, there are positive impacts on operational costs due to low electric consumption, heating costs and costs related to fuel consumption of vehicles. Low emission materials are used in retrofitting branch offices. Low fuel-consuming vehicles are acquired, and energy management, virtual server and IT system investments are made. For access to capital, climate change is taken into account in company management and product development processes and there is effective sustainability management and performance reporting system, access to new financial instruments such as renewable energy funds and climate-sensitive investment funds are facilitated.</p> <p>Operating costs have been reduced with energy efficiency investments made in branches and operation buildings. Asset values have improved. Awareness-raising efforts were also made in the reporting year in respect of all energy management systems within the Bank, with the objective being to reduce the power consumption resulting from the increase in total operations, and to make improvements in Scope 2 emissions stemming from the consumption of electricity in the years to come by switching to sustainable carbon management. Our Bank plans</p>

	<p>to make use of new solar panels for its power supply. The solar panels on our office building, situated in Ataşehir, generated 9,435.00 kWh of electrical energy in 2021.</p> <p>With increasing renewable energy needs and the need to transition to a low-carbon economy, new markets for renewable energy are growing rapidly. Our customers from carbon-intensive industries affected by the transition to a low-carbon economy are also looking for new ways to integrate their businesses with renewable energy so as not to conflict with ever-evolving regulations and contribute to climate change, like GreenDeal. For this reason, the importance of investments such as renewable energy systems, solar panels, and wind turbines is increasing. New investments in these areas have started to take place in the sector.</p> <p>As Halkbank, we closely follow innovation and investment opportunities in the market. We offer our clients new market options such as lower loan rates and longer investment times. Thus, our activities in new markets accelerate and we can increase our revenue accordingly. In 2022, Halkbank has provided 2.5 Billion TRY to renewable energy financing.. In addition, Energy Support Credit and Green Energy Credit Packages were developed. In 2022, 1.1 billion TL of loans were provided via these products. Also in mid-2022, Halkbank joined Net Zero Banking Alliance and committed to having a net-zero portfolio by 2050 at last in line with SBTi's net-zero standard.</p>
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C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

Identification of spending/revenue that is aligned with your organization's climate transition	
Row 1	Yes, we identify alignment with our climate transition plan

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.

Financial Metric

Revenue/Turnover

Type of alignment being reported for this financial metric

Alignment with our climate transition plan

Taxonomy under which information is being reported

Objective under which alignment is being reported

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

2,515,724,620.49

Percentage share of selected financial metric aligned in the reporting year (%)

0.24

Percentage share of selected financial metric planned to align in 2025 (%)

0.25

Percentage share of selected financial metric planned to align in 2030 (%)

0.25

Describe the methodology used to identify spending/revenue that is aligned

We have assumed the net revenue generated from lending to renewable energy as aligned with a 1.5°C world. According to our estimations, the revenue from renewable energy will increase in near term due to regulatory requirements and shifting consumer preferences to low-carbon options. The value has been calculated as the approximate profit from renewable energy lendings in 2022 to total net revenue.

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

	Policy framework for portfolio activities that include climate-related requirements for clients/investees, and/or exclusion policies
Row 1	Yes, our framework includes both policies with climate-related client/investee requirements and climate-related exclusion policies

C-FS3.6a

(C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Type of policy

Credit/lending policy


Portfolio coverage of policy

100

Policy availability

Not publicly available

Attach documents relevant to your policy

 12sustainability policy Halkbank.pdf

Criteria required of clients/investees

Disclosure of Scope 1 emissions

Disclosure of Scope 2 emissions

Other, please specify

Environmental Impact Assessment Report, Green Building Certificate, ISO

Environmental Management Certificate, Carbon Emission Assessment,

Occupational Health and Safety Assessment

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Clients/investees must be compliant within the next year

Industry sectors covered by the policy

Energy

Materials

Automobiles & Components

Exceptions to policy based on

Explain how criteria required, criteria coverage and/or exceptions have been determined

The bank credit policy covers not only financial factors but also sustainability and environmental factors, which include climate-related issues. The sustainability criteria have been integrated into the credit policy in 2016, in line with our sustainability committee's establishment. The project evaluation reports and loan requests are examined in accordance with the credit policy . During the assessment, documentation related to sustainability and environmental responsibility are requested from customers. The topics included in the credit policy's Sustainability Assessment are: Environmental Impact Assessment Report, Green Building Certificate, ISO Environmental Management Certificate, Carbon Emission Assessment, Occupational Health and Safety Assessment, and Evaluation of Sensitivity to Consumer Rights. With an update in 2022, all commercial loan requests, the loan requests over 50M TRY from SME's are subject to the loan evaluation report . All greenfield investment loan request from SME's below 50M TRY is also subject to the project evaluation report besides loan evaluation report. We estimate the coverage of our portfolio against these thresholds as 100% of our lending portfolio in 2022.

C-FS3.6b

(C-FS3.6b) Provide details of your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Portfolio

Banking (Bank)

Type of exclusion policy

Other, please specify
Activities in Prohibited Areas

Year of exclusion implementation

2016

Timeframe for complete phase-out

Already phased out

Application

New business/investment for new projects
New business/investment for existing projects
Existing business/investment for existing projects

Country/Area/Region the exclusion policy applies to

Turkey

Description

The bank credit policy covers not only financial factors but also sustainability and environmental factors, which include climate-related issues. The sustainability criteria have been integrated into the credit policy in 2016, in line with our sustainability committee's establishment. The project evaluation reports and loan requests are examined in accordance with the credit policy. That also includes the exclusion of activities such as commercial transactions related to wildlife and its products that are prohibited under the CITES convention and the release of genetically modified organisms into the wild. Also within the scope of the climate transition strategy, it is planned to terminate the credit support provided to coal mines.

C-FS3.8

(C-FS3.8) Does your organization include covenants in financing agreements to reflect and enforce your climate-related policies?

	Climate-related covenants in financing agreements
Row 1	Yes

C-FS3.8a

(C-FS3.8a) Provide details of the covenants included in your organization’s financing agreements to reflect and enforce your climate-related policies.

Types of covenants used	Asset class/product types	Coverage of covenants	Please explain
Purpose or use of proceeds clause refers to sustainable project Minimum level of green assets mandated Covenants related to compliance with your policies	Corporate loans Project finance	New business/investment for new projects	Agreements with customers for Renewable Energy Corporate loans and Project finance include covenants to make sure that the financing given will be used for the purpose it was stated and information about sustainability-related inputs and outputs of the projects. These may include the level of green assets mandated for the project time frame and expected production levels. Also, capacity information, feasibility reports and Environmental Assessment Reports are required for information collection prerequisite to lending activities.

C4. Targets and performance

C4.1

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

- Absolute target
- Portfolio target

C4.1a

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

Target reference number

Abs 1

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Location-based

Scope 3 category(ies)

Base year

2021

Base year Scope 1 emissions covered by target (metric tons CO2e)

15,796

Base year Scope 2 emissions covered by target (metric tons CO2e)

31,406

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

47,202

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2032

Targeted reduction from base year (%)

51

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

23,128.98

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

17,023.47

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

30,060.19

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

**Total emissions in reporting year covered by target in all selected scopes
(metric tons CO2e)**

47,083.66

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

0.4915876778

Target status in reporting year

Revised

Please explain target coverage and identify any exclusions

As Halkbank we are monitoring our GHG emissions since 2012. In 2020, we set a target to decrease our company-wide scope 1 and 2 emissions by 20% by 2040 from a base year of 2019. In 2021, we have taken action to establish a Climate Action Plan. In line with that and the most recent climate science of Science-Based Targets V5 criteria that have been published in 2021. In 2022, we have reviewed and set our new absolute emission target for scopes 1 & 2. We re-established our target as reducing 51% of company-wide scope 1 and 2 GHG emissions from the 2021 base year until 2032. This target is in-line with 1.5Degrees world as stated in Paris Agreement and SBTi Criteria, as it corresponds to 4.2% annual linear reduction. The GHG emission scopes don't exclude any emissions or locations. The target doesn't include biogenic emissions due to biogenic emissions are not relevant for Halkbank. FLAG related emissions are not relevant and therefore not included in the target.

Plan for achieving target, and progress made to the end of the reporting year

As a start to the reduction of GHG emissions of scope 2 in 2018, solar energy panels were installed in our headquarters in Ataşehir. In this way, 9,435 kWh of electricity consumption was sourced from renewable energy in 2022. In line with our targets to be achieved in coming years, efforts to reduce carbon emissions that we cause are increasing. We plan to reduce our scope 2 emissions by increasing the use of renewable energy in our headquarters and other branches. In line with our NZBA and SBTi commitments, we started to work on establishing Solar Power Panels in Konya and Bitlis to meet our operational energy needs. With this project, which will be completed in 2022, we will be meeting approximately 4% of our total energy needs for all our locations. We also plan to increase the use of renewable electricity in our operations.

List the emissions reduction initiatives which contributed most to achieving this target

C-FS4.1d

(C-FS4.1d) Provide details of the climate-related targets for your portfolio.

Target reference number

Por1

Year target was set

2022

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

Project finance

Sectors covered by the target

Energy

Target type

Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity

Intensity

Scopes included in temperature alignment

Metric (or target numerator if intensity)

Metric tons CO₂e

Target denominator

kWh

Base year

2021

Figure in base year

767

Percentage of portfolio emissions covered by the target

45

Monetary metric for portfolio coverage (unit currency as reported in C0.4)

Loan book value

Percentage of portfolio covered by the target, using a monetary metric

3

Frequency of target reviews

Annually

Interim target year

2032

Figure in interim target year

346

Target year

2032

Figure in target year

346

Figure in reporting year

767

% of target achieved relative to base year [auto-calculated]

0

Aggregation weighting used

Proportion of portfolio emissions calculated in the reporting year based on asset level data

100

Proportion of the temperature score calculated in the reporting year based on company targets

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science-based target initiative in the next two years

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

The target covers electricity generation project finance lendings. The base year is 2021. Halkbank plans to reduce electricity generation project finance emissions from 767 tCO₂eq/kWh to 346 tCO₂eq/kWh until 2032 base year. The emission calculations are in line with GHG Protocol and Partnership for Carbon Accounting Financials Guidance (PCAF). There is no exclusions.

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

Net-zero target(s)

Other climate-related target(s)

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

2021

Target coverage

Company-wide

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2019

Consumption or production of selected energy carrier in base year (MWh)

11.6

% share of low-carbon or renewable energy in base year

0.02

Target year

2030

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

0.14

% of target achieved relative to base year [auto-calculated]

0.1200240048

Target status in reporting year

Underway

Is this target part of an emissions target?

ABS 1

Is this target part of an overarching initiative?

Science Based Targets initiative

Please explain target coverage and identify any exclusions

As Halkbank we are monitoring our GHG emissions since 2012. In 2020, we set a target to decrease our company-wide scope 1 and 2 emissions by 20% by 2040 from a base year of 2019. In 2021, we have taken action to establish a Climate Action Plan. In line with that and the most recent climate science of Science-Based Targets V5 criteria that have been published in 2021. In 2022 we have reviewed and set our new absolute emission target for scopes 1 & 2. We re-established our target as reducing 51% of company-wide scope 1 and 2 GHG emissions from the 2021 base year until 2032. To support this ABS 1 target given above, we also set a target to consume 100% renewable electricity in our operations.

Plan for achieving target, and progress made to the end of the reporting year

As a start to the reduction of GHG emissions of scope 2 in 2018, solar energy panels were installed in our headquarters in Ataşehir. In this way, 9,435 kWh of electricity consumption was sourced from renewable energy in 2022. In line with our targets to be achieved in coming years, efforts to reduce carbon emissions that we cause are increasing. We plan to reduce our scope 2 emissions by increasing the use of renewable energy in our headquarters and other branches. In line with our NZBA and SBTi commitments, we started to work on establishing Solar Power Panels in Konya and Bitlis to meet our operational energy needs. With this project, which will be completed in 2023, we will be meeting approximately 4% of our total energy needs for all our locations.

List the actions which contributed most to achieving this target

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2022

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency
MWh

Target denominator (intensity targets only)

MWh

Base year

2022

Figure or percentage in base year

0.14

Target year

2027

Figure or percentage in target year

20

Figure or percentage in reporting year

0.14

% of target achieved relative to base year [auto-calculated]

0

Target status in reporting year

New

Is this target part of an emissions target?

ABS1

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

This target covers total electricity consumption in Halkbank operations. No activities or geographies are excluded. target nominator is the MWh renewable electricity used and denominator is the total MWh electricity used.

Plan for achieving target, and progress made to the end of the reporting year

As a start to the reduction of GHG emissions of scope 2 in 2018, solar energy panels were installed in our headquarters in Ataşehir. In this way, 9,435 kWh of electricity consumption was sourced from renewable energy in 2022. In line with our targets to be achieved in coming years, efforts to reduce carbon emissions that we cause are increasing. We plan to reduce our scope 2 emissions by increasing the use of renewable energy in our headquarters and other branches. In line with our NZBA and SBTI commitments, we started to work on establishing Solar Power Panels in Konya

and Bitlis to meet our operational energy needs. With this project, which will be completed in 2023, we will be meeting approximately 4% of our total energy needs for all our locations. Therefore we aim to decrease electricity use 20% by 2027.

List the actions which contributed most to achieving this target

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Banking (Bank)

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Por1

Target year for achieving net zero

2050

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Please explain target coverage and identify any exclusions

Halkbank aims to achieve a net-zero portfolio by at least 2050 with the near-term emission targets it will set in the light of climate science with science-based targets in the coming years. The bank has also joined the Net-Zero Banking Alliance and committed to SBTi in early 2022. Personal loans and SME lending are not included in the target scope.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Unsure

Planned milestones and/or near-term investments for neutralization at target year

Planned actions to mitigate emissions beyond your value chain (optional)

N/A

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	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	1	233
Not to be implemented	0	0

C4.3b

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

Initiative category & Initiative type

Energy efficiency in buildings
Building Energy Management Systems (BEMS)

Estimated annual CO2e savings (metric tonnes CO2e)

233

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

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

1,297,166

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

6,500,000

Payback period

<1 year

Estimated lifetime of the initiative

<1 year

Comment

N/A

C4.3c

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

Method	Comment
Lower return on investment (ROI) specification	Investment decisions are based on lower return on investment (ROI). Halkbank chooses the projects for head quarters with ROI less than 1.5 years and for branches other units with ROI less than 3.5 years to invest in. The reason why the ROI expectation is lower for head quarters is that the number of existing head quarter buildings will be reduced after 3 years.

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Banking

Project finance

Taxonomy or methodology used to classify product

Low-carbon Investment (LCI) Taxonomy

Description of product

Halkbank sees the financing of renewable energy projects as an important opportunity for Turkey to reduce its greenhouse gas emissions. Products are developed to support efforts to reduce carbon emissions through renewable energy and energy efficiency projects in order to direct investments to more sustainable technologies and businesses. Halkbank continued to provide free technical consultancy services to investors, as well

as providing financial support to projects for energy generation from renewable sources. In 2022, 2.5 billion TL was provided for 279 renewable power plant projects with a total installed capacity of 450 MW. Thanks to these power plants, which were evaluated by Halkbank, approximately 652,050 tons of CO₂e emissions were avoided. The Portfolio value of these financings make 13% of total portfolio value.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

2,515,724,620

% of total portfolio value

13

Type of activity financed/insured or provided

Renewable energy

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

Change(s) in methodology, boundary, and/or reporting year definition?	
Row 1	No

C5.2

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

Scope 1

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

15,796

Comment

Scope 2 (location-based)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

31,406

Comment

Scope 2 (market-based)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

31,406

Comment

Scope 3 category 1: Purchased goods and services

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

1,709

Comment

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

17,084

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

359

Comment

Scope 3 category 6: Business travel

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

2,070

Comment

Hotel stay emissions used to be calculated under the purchased goods and services. As of 2022, hotel stay emissions are calculated under business travel category. This change is reflected in 2021 emission categories too. The total scope 3 emissions value remained the same for 2021.

Scope 3 category 7: Employee commuting

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

3,764

Comment

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

775

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

C5.3

(C5.3) 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)

The Greenhouse Gas Protocol: Scope 2 Guidance

The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

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)

17,023

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

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

Reporting year

Scope 2, location-based

30,060

Scope 2, market-based (if applicable)

30,060

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

2,194

Emissions calculation methodology

Average data method

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

100

Please explain

Paper purchased, accommodation and water supply and treatment are included in this category. Data is provided by our suppliers. Consumption figures for each activity are

multiplied by DEFRA 2022 emission factors. IPCC 5th AR GWP values are used for GHG emission calculations.

Capital goods

Evaluation status

Not relevant, explanation provided

Please explain

After the materiality analyses conducted, capital goods are not significant for Halkbank's total GHG emissions. Therefore this category is not relevant.

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

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

13,164

Emissions calculation methodology

Average data method

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

100

Please explain

Fuel consumptions of business travel WTT emissions, diesel consumptions of personnel transport services WTT emissions, losses of electricity distribution and transmission are reported in this category. Data supplied from the accounting system multiplied by DEFRA emission factors. IPCC 5th AR GWP values are used for GHG emission calculations.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

After the materiality analyses were conducted, upstream transportation and distribution are not significant for Halkbank's total GHG emissions. Therefore this category is not relevant.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

289

Emissions calculation methodology

Average data method
Waste-type-specific method

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

0

Please explain

Waste amounts are followed through the numbers notified by regional coordinators, branch offices and head offices. This indicator includes recyclable (glass, plastic, paper) waste and non-hazardous (domestic waste) waste collected as a result of Halkbank's operations. Since there is no central collection system for domestic waste, the total weekly waste amount was determined as a result of a weekly monitoring study conducted at Halkbank Ataşehir Headquarters Building. The average amount of domestic waste per person is calculated by dividing the total amount of domestic waste monitored by the total number of employees in the building. The annual domestic waste amount is calculated by multiplying the average domestic waste per person (kg) by the total number of Halkbank employees. DEFRA emission factors are used for the emission calculations. IPCC 5th AR GWP values are used for GHG emission calculations.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

3,733

Emissions calculation methodology

Supplier-specific method
Average data method
Distance-based method

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

100

Please explain

Transportation data of full-time personnel (bus, taxi, public transportation, ship, train, private vehicle, plane) are reported under this category. Km.passeenger data for each transport mode is gathered and DEFRA emission factors are used for each different transportation mode. Flight data were provided by the travel agency. IPCC 5th AR GWP values are used for GHG emission calculations.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,940

Emissions calculation methodology

Fuel-based method

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

100

Please explain

The average route length for all staff vehicles operationally controlled by Halkbank (arrival / return) is calculated by dividing the sum of all route distances recorded in the offroad system services by the number of routes. The total annual distance is converted into fuel consumption according to the average unit fuel consumption of relevant vehicle types. DEFRA emission factors are used for the emission calculations. The average route length for each route is provided by the suppliers. Emissions due to employees working from home are also included in this category. IPCC 5th AR GWP values are used for GHG emission calculations.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Halkbank does not own leased assets or lease any assets. Therefore, upstream leased assets are not relevant.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

201

Emissions calculation methodology

Average data method

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

50

Please explain

Downstream transportation and distribution emissions are calculated with monthly numbers gathered from regional coordinators and branches. Postage expenses are followed by the invoices taken from the postage company. "The Environmental Impact

of Mail: A Baseline, Pitney Bowes Inc., 2008, pg 12" and "ASOS GREENHOUSE GAS REPORT 2016/17, CarbonSmart" reports are used for the unit GHG emission per postage. IPCC 5th AR GWP values are used for GHG emission calculations.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Halkbank does not produce any products to be processed later. Therefore, processing of sold products are not relevant.

Use of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Halkbank does not produce any products that have significant direct emissions in-use phase. Therefore, use of sold products are not relevant.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Halkbank does not produce any products that have significant emissions end of life phase. Therefore, end-of-life treatment of sold products are not relevant.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Halkbank does not own leased assets or lease any assets. Therefore, downstream leased assets are not relevant.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Halkbank does not own franchises. Therefore, franchises are not relevant in our GHG Inventory.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

There is no other relevant upstream GHG emissions.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

There is no other relevant downstream GHG emissions.

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

0.00000029

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

47,084

Metric denominator

unit total revenue

Metric denominator: Unit total

160,559,011,000

Scope 2 figure used

Market-based

% change from previous year

46.19

Direction of change

Decreased

Reason(s) for change

Change in renewable energy consumption
Change in revenue

Please explain

The decrease is related to decreases in GHG emissions due to emissions reduction initiatives and increased renewable electricity use. On the other hand the TRY revenue is increased due to inflation. Emissions has been decreased 0.36%; Revenue is increased 85% in 2022. The intensity value is therefore decreased by 46.19%.

C7. Emissions breakdowns

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

No

C7.9

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

Decreased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0.32	Decreased	0.0007	"Halkbank has Solar Panels on top of its Ataşehir Headquarters building. The electricity generated and used here is 9435 mWh in 2022. This makes a reduction of 4.15 tonnes CO2eq. The percentage is calculated as follows: total scope 1&2 emissions in 2021: 47,202 tCO2eq change in emissions: 4.15 tCO2eq percentage calculation: (4.15/47,202)*100=0.0007%"
Other emissions reduction activities	233.37	Decreased	0.49	"Emission reductions due to initiatives in 2022 is 233.37 tCO2eq as detailed in C4.3b. The percentage is calculated as follows: total scope 1&2 emissions in 2021:

				47,202 tCO ₂ eq change in emissions: 233.37 tCO ₂ eq percentage calculation: (233.37/47,202)*100=0.49%"
Divestment				
Acquisitions				
Mergers				
Change in output	115.16	Increased	0.24	"Emissions has increased by 115 tCO ₂ eq due to operational conditions. This affected the energy used in operations slightly. The percentage is calculated as follows: total scope 1&2 emissions in 2021: 47,202 tCO ₂ eq change in emissions: 115 tCO ₂ eq percentage calculation: (115/47,202)*100=0.24%"
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other				

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?

Market-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	Yes

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)	LHV (lower heating value)	0	63,164	63,164
Consumption of purchased or acquired electricity		0	68,319	68,319

Consumption of purchased or acquired heat		117	0	117
Consumption of self-generated non-fuel renewable energy		9		9
Total energy consumption		126	131,482	131,608

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Turkey

Consumption of purchased electricity (MWh)

68,319

Consumption of self-generated electricity (MWh)

9

Consumption of purchased heat, steam, and cooling (MWh)

117

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

68,445

C9. Additional metrics

C9.1

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

Description

Waste

Metric value

1,300,915

Metric numerator

kg

Metric denominator (intensity metric only)

N/A

% change from previous year

10

Direction of change

Decreased

Please explain

N/A

Description

Energy usage

Metric value

131,606

Metric numerator

MWh

Metric denominator (intensity metric only)

N/A

% change from previous year

4

Direction of change

Increased

Please explain

This metric covers all of the energy consumption(fuels and electricity) of Halkbank. The fuel consumption for heating is slightly increased. This metric represents the figure in Question C8.2a

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

 Limited Assurance Report Halkbank 2022.pdf

 2022-integrated-annual-report-Halbank.pdf

Page/ section reference

emission values: page 477

limited assurance opinion: page 495

emission factors: page 484

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(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

-  Limited Assurance Report Halkbank 2022.pdf
-  2022-integrated-annual-report-Halbank.pdf

Page/ section reference

emission values: page 477

limited assurance opinion: page 495

emission factors: page 484

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1c

(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: Purchased goods and services
- Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
- Scope 3: Waste generated in operations
- Scope 3: Business travel
- Scope 3: Employee commuting
- Scope 3: Downstream transportation and distribution

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

 Limited Assurance Report Halkbank 2022.pdf

 2022-integrated-annual-report-Halbank.pdf

Page/section reference

emission values: page 477

limited assurance opinion: page 495

emission factors: page 484

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100


C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?


Yes

C10.2a

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Energy consumption	ISAE3000	Total energy use has been verified in line with ISAE3000. Please find verified values in page 477 attached.  1, 2

 ¹Limited Assurance Report Halkbank 2022.pdf

 ²2022-integrated-annual-report-Halbank.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

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

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Type of internal carbon price

Shadow price

How the price is determined

Alignment with the price of a carbon tax

Objective(s) for implementing this internal carbon price

Change internal behavior

Navigate GHG regulations

Stress test investments

Scope(s) covered

Scope 1

Scope 2

Pricing approach used – spatial variance

Uniform

Pricing approach used – temporal variance

Static

Indicate how you expect the price to change over time

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO₂e)

2,000

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO₂e)

4,000

Business decision-making processes this internal carbon price is applied to

Operations

Risk management

Mandatory enforcement of this internal carbon price within these business decision-making processes

No

Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan

Halkbank will adapt the carbon price parameter in the ETS that Turkey will create internally to the branches and establish a similar ETS system between the branches with high emissions and those with low emissions. In this way, new KPIs will be created for branches. At the same time, any variable that produces emissions will be measurable. Thus, since branch-based monitoring will improve, it will contribute to the realization of these scientific-based emission reduction targets.

C12. Engagement

C12.1

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

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

C12.1a

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

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

40

% total procurement spend (direct and indirect)

80

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

40

Rationale for the coverage of your engagement

Regular and effective communication with the stakeholders is the cornerstone of Halkbank's Approach to Sustainability. In our training with suppliers on climate change, we choose the suppliers with whom we do the most financial business. Therefore coverage for our supplier engagement corresponds to 40% of all the suppliers.

Additionally, our suppliers we provide training equals to 80% of all supply for all of our branches.

The main objective of this training are to provide sources for our suppliers about the

environmental, social and economic sides of the sustainability concept and lead them in the field. By achieving this, outcomes can help Halkbank in two ways; firstly, by helping to create a better-managed sustainability in behalf of humanity in terms of climate change, secondly, Indirectly reducing Halkbank's environmental effects to climate change. We aim to continue our activities within the scope of sustainability, environment and energy policies in a way that includes our suppliers.

Impact of engagement, including measures of success

By achieving this goal, outcomes can help Halkbank in two ways; firstly, by helping to create better-managed sustainability in behalf of humanity in terms of climate change, secondly, by Indirectly reducing Halkbank's environmental effects to climate change. Our suppliers' view and their actions on climate change have been changing through the years due to our engagement efforts. Since 2016 we have been arranging these training and meetings with our suppliers. There is a visible increase in the number of suppliers who are showing better performance and taking actions about climate change within their business. The threshold of success engaging at least 1/3 of total suppliers by number. The measure of success is therefore determined as the percentage of suppliers engaged.

Comment

N/A

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients

Customers/clients of Banks

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Engage with clients and potential clients, particularly those with the most GHG-intensive and GHG-emitting activities, on their decarbonization strategies and net-zero transition pathways

% client-related Scope 3 emissions as reported in C-FS14.1a

100

Portfolio coverage (total or outstanding)

100

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

As of 2016, with the investments, the current activities of the company have been started to be evaluated and scored in terms of environmental and social impact. The evaluation criteria, which were integrated into the system in 2011 to make a corporate social responsibility assessment, were updated at the beginning of 2016 to include developments in sustainability. Firms and projects requesting loans with the Company Assessment Report scoring methodology are within the scope of the "Sustainability Evaluation" in accordance with the article "To take care to evaluate the credit demands within the framework of the Bank's credit policies by considering environmental and social factors, as well as economic factors in Sustainability and Environmental Policies, is scored. Not only investments but also the activities of companies applying for loans are evaluated in terms of sustainability. Environmental factors and sustainability assessment are divided into 3 different groups as low, medium and high risk. The headings included in the Sustainability Assessment are as follows: Environmental Impact Assessment Report, Green Building Certificate, ISO Environmental Management Certificate, Carbon Emission Assessment, Occupational Health and Safety Assessment. Sustainability Committee evaluates and implements suggestions for improvement and functioning of the mechanism in the environmental and social assessments in lending processes. The information collection process takes place before the financing activities. Halkbank negatively evaluates projects in sectors that are accepted and banned in a very high-risk group in the international literature. All commercial loan requests, the loan requests over 50M TRY from SME's are subject to the loan evaluation report. All greenfield investment loan request from SME's below 50M TRY is also subject to the project evaluation report besides the loan evaluation report. We estimate the coverage of our project lending portfolio against these thresholds as 100% of our lending portfolio in 2022. This ratio was 73% in 2021. The measure of success is increasing the engagement ratio annually.

C12.1d

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

Halkbank's climate-related engagement strategy with its partners can be described in two headlines: Training and data sharing. Energy management system training was provided to operational staff and supplier company employees in 2022. Thus, the other partners in the value chain constitutes of employees. Also, all full-time employees were given e-learning training to raise awareness. Another noteworthy subject to mention here is our partnership with the hotel that supplied the accommodation services of our annually organized regular managers' meeting. Data to calculate the emissions of this organization is provided by the hotel management, which can be mentioned as a data-sharing-based engagement related to climate change. Moreover, Halkbank has asked the hotel management not to change bedsheets daily and use reusable water pitchers to reduce plastic usage. All these commitments helped to reduce energy and material consumption and GHG emissions. Also, another aspect of this kind of data-sharing companionship is present with the shipping company and the flight travel agency company.

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate


Yes, we engage directly with policy makers

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

 2022-integrated-annual-report-Halbank.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

Since 2013, Halkbank has been conscious of the goals and priorities of our country and economy in the context of sustainability and has always been creating value in effective cooperation with all its stakeholders. The key stakeholder groups that will provide input to the report have been prepared with the opinions adopted in the Sustainability Committee, the Coordination Group and other working group meetings, and the recommendations of the consultants. Halkbank's Sustainability Priorities were first discussed at the workshop held in the previous year with the participation of officials from the departments that were in one-on-one contact with key stakeholder groups under the leadership of the Coordination Group. Subsequently, a survey was conducted with the members of the Sustainability Committee, which represents the Bank's senior management perspective. In the reporting year, the priorities of the initiatives that guide the business world and finance sector were examined. Material issues were reviewed in line with global trends, industry reports, reports of global banks and recommendations of other international professional organizations, United Nations Sustainable Development Goals (UN SDG), and United Nations Responsible Investment Principles.

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Sustainability Guide for the Banking Sector

Category of policy, law, or regulation that may impact the climate

Carbon pricing, taxes, and subsidies

Focus area of policy, law, or regulation that may impact the climate

Emissions trading schemes

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Turkey

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

As Halkbank, we are member of the board of directors of the Banks Association of Turkey. We are actively participating in the Role of the Financial Sector in the Sustainable Growth Working Group of the association. This working group was established in order to contribute to the studies to be carried out on the creation of a general approach regarding the protection of the environment in lending and other services of banks and on the issue of handling the issue as a social project. The group has worked on raising general stakeholder awareness and disseminating the use of best practices, especially for the transition to a low carbon economy. The Banks Association of Turkey also provides distance education training for banks on environmental and social risk assessment.

As an active member of this group, Halkbank took part in the preparation and revision of the "Sustainability Guide for the Banking Sector" republished by the Banks Association in March 2021.

This guide defines 10 key principles for the banking and financial sector sustainability approach. Prepared by BAT Sustainability Working Group in collaboration with the Participation Banks Association of Turkey, the guide aims to enable the banks to more systematically manage environmental and social predictability, transparency and accountability approaches in the activities of the banks. The updated guide identifies 10 essential principles for sustainability approach in banking and finance sector such as, Evaluation and Management of Environmental and Social Risks Arising from Banking Activities, Contribution to Sustainable Development Targets, Struggle against and Adaptation to Climate Change, Financial Health and Comprehensiveness, Human Rights and Workers' Rights, Comprehensiveness and Equality in Opportunity, Shareholder Participation and Communication, Corporate Management, Corporate Capacity Building, Monitoring and Reporting. Halkbank provided reviews, comments and feedback to this working group's studies.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

As Halkbank, we closely follow innovation and investment opportunities in the market. We offer our clients new market options such as lower loan rates and longer investment times. Thus, our activities in new markets accelerate and we can increase our revenue accordingly. Making climate related improvements in line with the sector and providing necessary inputs to studies help Halkbank to focus its climate strategy. Also in mid-2022, Halkbank joined Net Zero Banking Alliance and committed to having a net-zero portfolio by 2050 at last in line with SBTI's net-zero standard.

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify

The Banks Association of Turkey (TBB)

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

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, to strengthen 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.

Its vision is to lead the financial sector to an international scale and strength, through increasing efficiency and productivity of the financial sector.

The association plays a leading role with respect to financing of climate change in the banking industry, and takes any necessary initiatives in order to bring the best international practices into the industry. The association has formed a work group named "Financial sectors role in sustainable growth" to maintain a general approach focused on protecting the environment in the crediting and other services of the banks, and to provide efforts handling the topic as a social Project. As Halkbank, we are member of board of directors of the Banks Association of Turkey. We are actively participating in the Role of the Financial Sector in the Sustainable Growth Working Group of the association.

This working group was established in order to contribute to the studies to be carried out on the creation of a general approach regarding the protection of the environment in lending and other services of banks and on the issue of handling the issue as a social project. The group has works on raising general stakeholder awareness and disseminating the use of best practices, especially for the transition to a low carbon economy. The Banks Association of Turkey also provides distance education training for banks on environmental and social risk assessment.

As an active member of this group, Halkbank took part in the preparation and revision of the "Sustainability Guide for the Banking Sector" republished by the Banks Association in March 2021.

This guide defines 10 key principles for the banking and financial sector sustainability approach. These are intended to be a guidance for financial institutions in line with sustainable development goals.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

0

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

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

 2022-integrated-annual-report-Halbank.pdf

Page/Section reference

governance: page 26
strategy: page 54
risks: page 150
emission figures: page 477

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures

Comment

N/A

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Net Zero Banking Alliance Science-Based Targets Initiative for Financial Institutions (SBTi-FI)	In 2021, Halkbank has committed to Science Based Targets Initiative to set near term targets and 2050 net-zero target. Alongside this, Halkbank has been the first bank from Turkey to commit to SBTi's Net-Zero Standard. In line with that, We have become a signatory to UNEP-FI Net-Zero Banking Alliance and committed to have net-zero portfolio emissions by 2050 at the latest consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Lending to all carbon-related assets

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

50,888,205,452

New loans advanced in reporting year (unit currency – as specified in C0.4)

33,725,041,871

Percentage of portfolio value comprised of carbon-related assets in reporting year

0.2

Details of calculation

The outstanding values as of December 31st, 2022 of companies in the carbon related sectors has been gathered from Halkbank internal systems. The sectoral breakdown is utilized via NACE codes of portfolio clients and sectoral guidance of TCFD annex.

Lending to coal

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

809,478,884

New loans advanced in reporting year (unit currency – as specified in C0.4)

615,173,780

Percentage of portfolio value comprised of carbon-related assets in reporting year

0.9

Details of calculation

The outstanding values as of December 31st, 2022 of companies in the carbon related sectors has been gathered from Halkbank internal systems. The sectoral breakdown is utilized via NACE codes of portfolio clients and sectoral guidance of TCFD annex.

Lending to oil and gas

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

4,394,186,036

New loans advanced in reporting year (unit currency – as specified in C0.4)

2,643,727,445

Percentage of portfolio value comprised of carbon-related assets in reporting year

9.9

Details of calculation

The outstanding values as of December 31st, 2022 of companies in the carbon related sectors has been gathered from Halkbank internal systems. The sectoral breakdown is utilized via NACE codes of portfolio clients and sectoral guidance of TCFD annex.

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric
Banking (Bank)	Yes	Portfolio emissions Other carbon footprinting and/or exposure metrics (as defined by TCFD)

C-FS14.1a

(C-FS14.1a) Provide details of your organization's portfolio emissions in the reporting year.

Banking (Bank)

Portfolio emissions (metric unit tons CO₂e) in the reporting year

5,493,484

Portfolio coverage

5

Percentage calculated using data obtained from clients/investees

100

Emissions calculation methodology

The Global GHG Accounting and Reporting Standard for the Financial Industry

Please explain the details and assumptions used in your calculation

The portfolio emissions for electricity project finance is 5,493,484 tCO₂eq. The emissions are calculated in line with GHG Protocol Category 15: Investments guidance and PCAF guidance. Annual activity data is gathered directly from the client itself. Emission calculations' data quality score 2 according to PCAF project finance. project's emissions then attributed to Halkbank in line with the attribution factor. The electricity generation project finance represents 5% of total portfolio.

C-FS14.1b

(C-FS14.1b) Provide details of the other carbon footprinting and/or exposure metrics used to track the impact of your portfolio on the climate.

Portfolio

Banking (Bank)

Portfolio metric

Carbon intensity (tCO₂e/Million revenue)

Metric value in the reporting year

34

Portfolio coverage

5

Percentage calculated using data obtained from clients/investees

100

Calculation methodology

The portfolio emissions for electricity project finance is 5,493,484 tCO₂eq. The emissions are calculated in line with GHG Protocol Category 15: Investments guidance and PCAF guidance. Annual activity data is gathered directly from the client itself. Emission calculations' data quality score 2 according to PCAF project finance. project's emissions then attributed to Halkbank in line with the attribution factor. The electricity generation project finance represents 5% of total portfolio. The total revenue is 160,559 M TRY in 2022. This makes 34 tCO₂eq/MTRY.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's portfolio impact?

	Portfolio breakdown
Row 1	Yes, by asset class

C-FS14.2a

(C-FS14.2a) Break down your organization's portfolio impact by asset class.

Asset class	Portfolio metric	Portfolio emissions or alternative metric
Banking Project finance	Absolute portfolio emissions (tCO ₂ e)	5,493,484

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world	Briefly explain the actions you have taken to align your portfolio with a 1.5-degree world
Banking (Bank)	Yes	Halkbank aims to achieve a net-zero portfolio by at least 2050 with the near-term emission targets it will set in the light of climate science with science-based targets in the coming years. The bank has also joined the Net-Zero Banking Alliance and committed to SBTi in early 2022

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world
Banking (Bank)	Yes, for all

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	The Sustainability Committee convened 5 times in 2021, one of which was the Integrated Management System Management Review Meeting. This year, Halkbank focused on the following topics in order to manage risks and opportunities related to climate change, emission reduction studies and the development of environmentally sensitive projects such as: Increasing the products, services and activities that contribute to the fight against climate change, Increasing support for the transition to a low	Risks and opportunities to our bank lending activities The impact of our bank lending activities on biodiversity

		carbon economy, Supporting renewable energy investments that reduce foreign dependency on energy, Saving 3,842 trees with digitalization and paperless office projects, Ensuring transparent communication of efforts to combat climate change with stakeholders.	
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C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to no trade of CITES listed species	SDG

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

No, but we plan to within the next two years

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

No, but we plan to within the next two years

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?

No

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?
Row 1	No, we are not taking any actions to progress our biodiversity-related commitments, but we plan to within the next two years

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	State and benefit indicators

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
No publications		

C16. 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.

N/A

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chairman of Sustainability Committee (Halkbank Independent Board Member)	Board/Executive board

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

Board-level oversight of this issue area	
Forests	Yes
Water	Yes

FW-FS1.1a

(FW-FS1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for forests- and/or water-related issues.

Issue area(s)	Position of individual(s) or committee(s)	Responsibilities for forests- and/or water-related issues
Forests Water	Board-level committee	<p>The Board Level Sustainability Committee reports to the Bank's Board of Directors to coordinate the Bank's sustainability activities. The committee is responsible of the Coordination of the bank's sustainability efforts, and running an assessment of the economic, environmental, and social effects of its activities, to evaluate and manage the sustainability related risks and making decisions to take necessary actions and overseeing the climate-related risks that the bank would face.</p> <p>Also risks and other matters subject to board's authorization level are escalated to board. The committee consists of 20 members at the level of board members (2), deputy general managers (5), group heads (1), department heads (12). The Chairman of the sustainability committee serves as independent board member, and Vice Chairman of the sustainability committee serves as member of the board. Since the Head of Risk Management Department, the Head of Credit Policies Department and Head of Internal Systems Group is also a member of the sustainability committee, there is a strong oversight regarding the climate issues.</p> <p>Decision made by the committee : In 2021, the Committee decided to improve business processes in order to adapt to national and international developments within the scope of combating the climate crisis. In this direction, the Committee has decided to establish a Climate Action Plan , which includes science-based targets, analyses of direct and indirect risks and opportunities of climate change, and</p>

		comprehensive studies on sustainable finance products and has started working in this direction. In addition, Halkbank aims to achieve a net-zero portfolio by at least 2050 with the near-term emission targets it will set in the light of climate science with science-based targets. The bank has also joined the Net-Zero Banking Alliance and committed to setting GHG emission reduction targets across its operations and its portfolio in line with SBTi criteria in 2022.
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FW-FS1.1b

(FW-FS1.1b) Provide further details on the board's oversight of forests- and/or water-related issues.

Issue area(s)

Forests

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - all meetings

Governance mechanisms into which this issue area(s) is integrated

- Reviewing and guiding strategy
- Reviewing and guiding the risk management process
- Reviewing and guiding annual budgets
- Overseeing major capital expenditures
- Overseeing acquisitions, mergers, and divestitures
- Reviewing innovation/R&D priorities
- Overseeing and guiding employee incentives
- Overseeing the setting of corporate targets
- Monitoring progress towards corporate targets
- Overseeing and guiding the development of a transition plan
- Monitoring the implementation of a transition plan
- Overseeing and guiding scenario analysis

Scope of board-level oversight

- Risks and opportunities to our banking activities
- The impact of our banking activities on forests and/or water security

Please explain

The Board of Directors carries out the Sustainability Management by joining the Sustainability Committee with two members (at the level of the Chairman and the Vice Chairman). The sustainability committee meets at least 4 times a year for its regular scheduled meetings. In regular meetings, risks and opportunities related to climate change and other sustainability issues are evaluated and targets are determined in our direct operations and bank loan and investment activities. For example, Halkbank's Net-Zero targets and strategy is carried out by the Sustainability Committee which includes members of BOD.

Budget adjustments and performance targets are discussed and decided by a majority vote to achieve climate-related targets. All our banking activities are included in the integrated management system. Environmental performances are constantly monitored and evaluated, taking into account the expectations of internal and external stakeholders. Based on these evaluations, goals, and targets are determined and necessary activities are carried out with continuous improvement. In addition, the periodic performance of the targets is compared with the results of the determined period, and necessary revisions are decided. Decisions on rewarding performance on sustainability issues are also taken at regular meetings. At the meetings, climate-related issues are also discussed with a risk&opportunity-based approach, and policy updates and suggestions for measures are conveyed to the responsible units in line with the bank's lending policies.

In 2022, The BoD aimed to create value for stakeholders, manage the risks and opportunities related to climate change, reduce the emissions from the Bank's activities, and increase the Bank's sustainability performance by developing environmentally friendly projects.

Issue area(s)

Water

Frequency with which the issue area(s) is a scheduled agenda item

Scheduled - all meetings

Governance mechanisms into which this issue area(s) is integrated

Reviewing and guiding strategy
Reviewing and guiding the risk management process
Reviewing and guiding annual budgets
Overseeing major capital expenditures
Overseeing acquisitions, mergers, and divestitures
Reviewing innovation/R&D priorities
Overseeing and guiding employee incentives
Overseeing the setting of corporate targets
Monitoring progress towards corporate targets
Overseeing and guiding the development of a transition plan
Monitoring the implementation of a transition plan
Overseeing and guiding scenario analysis

Scope of board-level oversight

Risks and opportunities to our banking activities
The impact of our banking activities on forests and/or water security

Please explain

The Board of Directors carries out the Sustainability Management by joining the Sustainability Committee with two members (at the level of the Chairman and the Vice Chairman). The sustainability committee meets at least 4 times a year for its regular

scheduled meetings. In regular meetings, risks and opportunities related to climate change and other sustainability issues are evaluated and targets are determined in our direct operations and bank loan and investment activities. For example, Halkbank's Net-Zero targets and strategy is carried out by the Sustainability Committee which includes members of BOD.

Budget adjustments and performance targets are discussed and decided by a majority vote to achieve climate-related targets. All our banking activities are included in the integrated management system. Environmental performances are constantly monitored and evaluated, taking into account the expectations of internal and external stakeholders. Based on these evaluations, goals, and targets are determined and necessary activities are carried out with continuous improvement. In addition, the periodic performance of the targets is compared with the results of the determined period, and necessary revisions are decided. Decisions on rewarding performance on sustainability issues are also taken at regular meetings. At the meetings, climate-related issues are also discussed with a risk&opportunity-based approach, and policy updates and suggestions for measures are conveyed to the responsible units in line with the bank's lending policies.

In 2022, The BoD aimed to create value for stakeholders, manage the risks and opportunities related to climate change, reduce the emissions from the Bank's activities, and increase the Bank's sustainability performance by developing environmentally friendly projects.

FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

As Halkbank, we are subject to Turkish Banking Law and Capital Markets Board (CMB) regulations in the elections of the Board of Directors. The education level of the board about sustainability is important as a climate change competency. The chairman of the Sustainability Committee, who is also a member of BoD, is competent in sustainable development and economics due to their training and expertise. These criteria meet the board members' competence on climate-related issues.

In addition, all Sustainability Committee members have KPIs on environmental and sustainability issues. In order to evaluate their competence in climate and water-related issues, the fact that they have achieved these targets in the past is used as a criterion and proves their competence.

Water

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

As Halkbank, we are subject to Turkish Banking Law and Capital Markets Board (CMB) regulations in the elections of the Board of Directors. The education level of the board about sustainability is important as a climate change competency. The chairman of the Sustainability Committee, who is also a member of BoD, is competent in sustainable development and economics due to their training and expertise. These criteria meet the board members' competence on climate-related issues.

In addition, all Sustainability Committee members have KPIs on environmental and sustainability issues. In order to evaluate their competence in climate and water-related issues, the fact that they have achieved these targets in the past is used as a criterion and proves their competence.

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

Position or committee

Other C-Suite Officer, please specify
Chairman of Sustainability Committee

Issue area(s)

Forests
Water

Forests- and/or water-related responsibilities of this position

Integrating forests- and/or water-related issues into the strategy
Assessing forests- and/or water-related risks and opportunities
Managing forests- and/or water-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking portfolio

Reporting line

Reports to the Board directly

Frequency of reporting to the board on forests- and/or water-related issues via this reporting line

Quarterly

Please explain

The Sustainability committee is the authorized body of the bank's organization on sustainability issues and works subordinately to the board of directors. Members of the

committee are appointed by the board of directors. Sustainability committee reports directly to the board of directors quarterly in order to coordinate the operations of the Bank related to sustainability. The committee carries out the monitoring function over the Banks operations in order to ensure that the impacts of the Banks operations over economical, environmental and social impacts are in conformity with the articles of “Sustainability Policy” determined by the board of directors. Sustainability committee, whose members are appointed from the Banks board members, group managers, deputy general managers and head of departments such as Credit Policies, Monitoring and Legal Proceedings, Financial Management and Planning, Head of Credit Processes and Company Analysis and Head of Investor Relations, holds scheduled meetings at least four times in a year.

The Chairman of the Sustainability Committee is also a member of the Institution's Independent Board of Directors. The chairman leads the committee to monitor the duties and authorities of the Sustainability Committee and to fulfill the responsibilities of the committee. The Chairman of the Sustainability Committee is therefore the highest responsible for the management of climate related issues.

Risks and opportunities on sustainability matters, which include issues related to climate change are also evaluated in these meetings and targets are set. Budget adjustments and performance targets are discussed and decided by the majority of the votes. In addition, periodical performance results are compared to the targets and decisions for revisions are made if necessary. Rewarding decisions related to sustainability performance are also made in the committee meetings. Committee makes necessary determinations and forms working groups by the participation of related departments, in order to reduce the potential negative impacts of the Banks operations in terms of sustainability. Committee determines the procedures and principles for the Banks energy management. Committee analyses the results of data gathered based on energy management, informs related departments inside the organization, offers suggestions for actions and measures to be taken, reports and discloses for public engagement.

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

	We assess our portfolio's exposure to this issue area
Banking – Forests exposure	Yes
Banking – Water exposure	Yes

FW-FS2.1a

(FW-FS2.1a) Describe how you assess your portfolio's exposure to forests- and/or water-related risks and opportunities.

Banking – Forests exposure

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative and quantitative

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

External consultants

Internal tools/methods

% of clients/investees (by number) exposed to substantive risk

0

% of clients/investees (by portfolio exposure) exposed to substantive risk

0

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Risks related to economic, environmental, and social issues are reviewed by the Board of Directors more than once a year.

Identification: The Credit Committee, Audit Committee, Corporate Governing Committee, Asset-Liability Committee, Charges Committee, Operational Risk Committee and Sustainability Committee all report to the Board of Directors. Sustainable development indicators are managed by the Board of Directors within the framework of the Turkish Commercial Code, Banking Legislation, Capital Market Legislation, other relevant legislation, and the Bank's Articles of Association. Accordingly, climate change risk and opportunity indicators are evaluated by the Board of Directors through the Sustainability Committee in order to point out which risks and opportunities could have a substantive financial or strategic impact on the organization that has been reported by the committees.

Assesment: The sustainability committee holds at least four meetings in a year. Identified risks are handled through the works carried out by Sustainability Practices, Environment and Energy Management division and information forwarded by other miscellaneous business units. Actions to be taken to manage these risks are decided. Risks that are discussed in the meetings are not limited to the actual time frame, previously identified risks and actions are taken to manage those risks are monitored and possible revisions can be decided at the same time too. Research is performed and reported based on industry and sector. The risks are evaluated at least four times in a year, in the regular meetings of Sustainability Committee, and at least once by the Board, in the Management Review.

Responding: In order to mitigate, transfer and control the identified climate-related risks and to capitalize on opportunities, the Board of Directors delegate its powers to make

loans within limits set forth in the provisions of the Banking Law, as well as other powers, to management organs and managers, as defined in the internal directive, and in accordance with the guidelines and procedures laid down by the Banking Regulation and Supervisory Board, and monitors developments pertaining to the powers that it has delegated, ensuring that they are supervised by the units assigned with the responsibility within the Bank's internal risk assessment processes.

To ensure the risks arising from bank's direct operations that may affect its operations are managed effectively, an Internationally Recognized Risk Management Framework has been devised and integrated with business processes in line with the procedures and guidelines stipulated in the Banking Law.

The Risk Management Department establishes the necessary risk management systems with regard to the credit, market, liquidity and operational risks facing the Bank, monitors the sufficiency and efficiency of those systems, and evaluates, monitors and reports on the risks.

Risk management processes include the following:

- Works regarding the risk level of the balance sheet are undertaken in the process of budget preparation.
- Forward-looking assumptions are made based on stress tests and scenario analyses evaluating the potential impact of unforeseen market conditions on the core areas of operation; the amount of capital that is required to be set aside for each type of risk is calculated; and the outcome of analyses is shared by the senior management.
- As part of the Corporate Risk Management process, area managers identify and assess potential risks in the Bank's operating areas and the necessary controls are established in order to prevent such risks.
- If such risks are determined to have an impact up to 55 M TRY on an annual basis or in a single event, the risk then classified as high impact.

Case study 1: In terms of an extreme weather event that can cause destruction in farmlands and hydropower plants, the possible financial and operational risks related to these sectors and regions are assessed by the sustainability committee and board of directors. The possible impact levels are decided by Risk Management Department in line with the sustainability committee. The end results are shared with other related business units and actions to be taken are discussed necessary control mechanisms are established.

Case study 2: As the transition to a lower-carbon economy progress, the customers of Bank are looking for opportunities for a smoother transition. Transitioning to a 1.5 Degrees world is fastening and sectors such as energy and manufacturing may face new regulations related to climate change. The opportunity and risk levels of this scenarios are evaluated in sustainability committee and the Board in line with the bank's risk management systems. The outcomes are shared with related business units and committees and further actions are established

Banking – Water exposure

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

100

Type of assessment

Qualitative and quantitative

Time horizon(s) covered

Short-term

Medium-term

Long-term

Tools and methods used

External consultants

Internal tools/methods

% of clients/investees (by number) exposed to substantive risk

0

% of clients/investees (by portfolio exposure) exposed to substantive risk

0

Provide the rationale for implementing this process to assess your portfolio's exposure to forests- and/or water-related risks and opportunities

Risks related to economic, environmental, and social issues are reviewed by the Board of Directors more than once a year.

Identification: The Credit Committee, Audit Committee, Corporate Governing Committee, Asset-Liability Committee, Charges Committee, Operational Risk Committee and Sustainability Committee all report to the Board of Directors. Sustainable development indicators are managed by the Board of Directors within the framework of the Turkish Commercial Code, Banking Legislation, Capital Market Legislation, other relevant legislation, and the Bank's Articles of Association. Accordingly, climate change risk and opportunity indicators are evaluated by the Board of Directors through the Sustainability Committee in order to point out which risks and opportunities could have a substantive financial or strategic impact on the organization that has been reported by the committees.

Assesment: The sustainability committee holds at least four meetings in a year. Identified risks are handled through the works carried out by Sustainability Practices, Environment and Energy Management division and information forwarded by other miscellaneous business units. Actions to be taken to manage these risks are decided. Risks that are discussed in the meetings are not limited to the actual time frame, previously identified risks and actions are taken to manage those risks are monitored and possible revisions can be decided at the same time too. Research is performed and reported based on industry and sector. The risks are evaluated at least four times in a year, in the regular meetings of Sustainability Committee, and at least once by the Board, in the Management Review.

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FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information
Banking – Forests-related information	Yes
Banking – Water-related information	Yes

FW-FS2.2a

(FW-FS2.2a) Indicate the forests- and/or water-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision making.

	Type of information considered	Process through which information is obtained	Industry sector(s) covered by due diligence and/or risk assessment process	State how these forests- and/or water-related information influences your decision making
Banking – Forests-related information	Other, please specify Deforestation Contributions	Directly from the client/investee Public data sources	Energy	For the loan requests to some specific fund programs, the emission, energy and emission reduction data are requested from the project owners. Information regarding climate transition strategy of clients are also requested. This is done via the loan and project evaluation reports. We can see customers' inputs to the environment and its results related to climate in these reports. In these reports in line with our risk assessment procedures, we request our customer companies to disclose their business' environmental impact assessments, which include their water use and consumption and deforestation contributions. Their carbon emissions and any other related emission reduction plans and strategies are requested. 9188 companies were evaluated with evaluation reports and 8133 of these companies were evaluated within the scope of

				<p>sustainability and environmental risk assessment between 01.01.2022 and 31.12.2022.</p> <p>Decision example: All the information gathered related to environmental and climate change subjects in this process affects the lending process. In case of customers do not meet the sustainability requirements of specific fund programs the Bank may end the lending processes. In 2022, Halkbank has rejected 0.6% of total Executive level credit applications due to not fulfilling requirements that includes climate related ones. In line with our NZBA and SBTI commitments to have net-zero portfolio by 2050, we are improving and establishing new systems for better data collection and due diligence processes.</p>
Banking – Water-related information	Water withdrawal and/or consumption volumes	Directly from the client/investee Public data sources	Energy	<p>For the loan requests to some specific fund programs, the emission, energy and emission reduction data are requested from the project owners.</p> <p>Information regarding climate transition strategy of clients are also requested. This is done via the loan and project evaluation reports. We can see customers' inputs to the environment and its results related to climate in these reports. In these reports in line with our risk assessment procedures, we request our customer companies to disclose their business' environmental impact assessments, which include their water use and consumption and deforestation</p>

				<p>contributions. Their carbon emissions and any other related emission reduction plans and strategies are requested. 9188 companies were evaluated with evaluation reports and 8133 of these companies were evaluated within the scope of sustainability and environmental risk assessment between 01.01.2022 and 31.12.2022.</p> <p>Decision example: All the information gathered related to environmental and climate change subjects in this process affects the lending process. In case of customers do not meet the sustainability requirements of specific fund programs the Bank may end the lending processes. In 2022, Halkbank has rejected 0.6% of total Executive level credit applications due to not fulfilling requirements that includes climate related ones. In line with our NZBA and SBTI commitments to have net-zero portfolio by 2050, we are improving and establishing new systems for better data collection and due diligence processes.</p>
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FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
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Forests	No	Risks exist, but none with the potential to have a substantive financial or strategic impact on business	<p>While achieving the targets and strategies of the Bank collectively and for each type of risk, there is a limit of risk we want to carry. The threshold level is determined to ensure that the Bank remains within the limits of its risk capacity. The trigger level refers to the level of early warning of the risk level. The purpose of the risk level framework is not to prevent taking risks, but to ensure that bank strategies and plans are applied in a consistent manner with the risk level determined by the Board of Directors and that the Bank has an appropriate risk profile. Risk and performance indicators are created by taking into account the scope of the risk in order to provide an analysis of risk factors that are considered to have an impact. While creating these indicators, it should be taken into consideration that operational losses/errors may affect risks. Therefore, the same metrics can be taken into account both in determining operational risk and in assessing reputation risks. Apart from this, metrics that do not indicate operational risk but point to reputation risk can be created. The numerical quantities in the indicators and the changes these sizes show over time are used in the process of determining and evaluating the risks. For example, reconciliation errors, staff turnover rate, number of system outages, transaction volumes and error numbers, audit scores, number/rate of non-audit activity areas. Risk indicators (for example, the number of system outages in a given period) are used to monitor possible factors related to key risks. Performance indicators (for example, customer satisfaction index, indicators such as a high degree of change in stock prices compared to banks of similar scale) provide meaningful information about the current state of business processes with operational weaknesses, errors and losses. Both risk and performance indicators act as a trigger mechanism at trigger levels where risk levels approach or exceed threshold/limits and require immediate risk reduction. A rise event due to climate change exceeding TRY 55,000,000 to be experienced on an annual basis or in a single event can be considered to have a substantive financial impact for Halkbank. So far, there are no forest-related risks that meet this threshold.</p>
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Water	Yes		
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FW-FS2.3a

(FW-FS2.3a) Provide details of forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk1

Portfolio where risk driver occurs

Banking (Bank) portfolio

Issue area risk relates to

Water

Risk type & Primary risk driver

Acute physical
Drought

Primary potential financial impact

Reduced profitability of investment portfolios

Risk type mapped to traditional financial services industry risk classification

Market risk

Company-specific description

Halkbank contributes to Turkey's transition to a low-carbon economy by reducing dependency on energy imports through its sustainable financing initiatives. In line with this objective, the bank's portfolio of supported energy investments increasingly includes renewable energy and energy-saving projects such as hydroelectric power plants (HEPP), wind power plants (WPP), solar power plants (SPP), and bioenergy power plants (BPP). In 2022, the bank's financing for renewable energy power plants resulted in a reduction of 502,075 tons of CO2e emissions.

Until 2021, Halkbank had been providing the most financing for HEPP facilities in renewable energy projects. However, due to the high risk of water-related credit risk in regions with high water stress, these HEPP projects are evaluated as having water-sourced credit risk. Two of these HEPP facilities are located in the Tigris – Euphrates River, which were identified to have a high water stress risk using the WRI Aqueduct Tool. In 2022, the bank balanced its portfolio in renewable energy credit distribution to mitigate HEPP risks, with a distribution of 69% for solar power plants (GES), 17% for hydroelectric power plants (HES), and 14% for bioenergy power plants (BPP).

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)

1,000,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

Halkbank evaluated that the two HEPP located in the Euphrates-Tigris River, which have a higher risk of water stress compared to other HEPP projects it finances, have a strategic impact on revenue. In the event of a possible drought, the maximum cost of repayment and credit risk was calculated based on the scenario that these facilities would not be able to produce any energy. Considering, this cost is calculated by the sum of the income obtained from the difference between the interest applied to the loan given and funds transfer pricing, and it has been observed that the risk cost of the loans given is approximately 1,000,000,000 TRY.

Cost of response to risk

2,403,907,813.56

Description of response and explanation of cost calculation

As part of its sustainable financing efforts, Halkbank contributes to facilitating Turkey's transition to a low-carbon economy by reducing foreign dependency on energy. In this direction, the share of HEPP, WPP, BPP, and SPP renewable energy and energy-saving projects in the energy investments portfolio it supports is constantly increasing. The increased risk of water stress with the climate crisis reduces the demand for HEPP. In addition, Türkiye's electricity production was 10,8% from wind and 4,7% from solar in 2022. According to Turkey's National Energy Plan published in 2022, it is aimed that the share of the SPP in energy production will be 16.5% and WPP will be 17.7% in 2035. Halkbank evaluates annually the financing distribution of its portfolio. The renewable energy loan distribution in 2022 has been balanced within the portfolio as SPP, HEPP, and BPP, respectively. In 2022, the percentage of SPP among all resources in the Bank's renewable energy loans increased by 40% from the previous year to 69%. Halkbank provided 1,741,354,620.49 TRY for SPP projects and 349,000,000 TRY for BPP projects in 2022. Halkbank, which provides the portfolio distribution at this rate against the risks of HEPP projects, provided a total of 2,090,354,620.49 TRY in financing.

The interest income of these loans is estimated as 15% of the amounts given,

corresponding to approximately 313,553,193.07 TRY. The cost of response has been calculated as 2,403,907,813.56 TRY with the sum of these two values (2,090,354,620.49+(2,090,354,620.49*0.15)).

Comment

N/A

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	No	Opportunities exist, but none with the potential to have a substantive financial or strategic impact on business	While achieving the targets and strategies of the Bank collectively and for each type of risk, there is a limit of risk we want to carry. The threshold level is determined to ensure that the Bank remains within the limits of its risk capacity. The trigger level refers to the level of early warning of the risk level. The purpose of the risk level framework is not to prevent taking risks, but to ensure that bank strategies and plans are applied in a consistent manner with the risk level determined by the Board of Directors and that the Bank has an appropriate risk profile. Risk and performance indicators are created by taking into account the scope of the risk in order to provide an analysis of risk factors that are considered to have an impact. While creating these indicators, it should be taken into consideration that operational losses/errors may affect risks. Therefore, the same metrics can be taken into account both in determining operational risk and in assessing reputation risks. Apart from this, metrics that do not indicate operational risk but point to reputation risk can be created. The numerical quantities in the indicators and the changes these sizes show over time are used in the process of determining and evaluating the risks. For example, reconciliation errors, staff turnover rate, number

			of system outages, transaction volumes and error numbers, audit scores, number/rate of non-audit activity areas. Risk indicators (for example, the number of system outages in a given period) are used to monitor possible factors related to key risks. Performance indicators (for example, customer satisfaction index, indicators such as a high degree of change in stock prices compared to banks of similar scale) provide meaningful information about the current state of business processes with operational weaknesses, errors and losses. Both risk and performance indicators act as a trigger mechanism at trigger levels where risk levels approach or exceed threshold/limits and require immediate risk reduction. A rise event due to climate change exceeding TRY 55,000,000 to be experienced on an annual basis or in a single event can be considered to have a substantive financial impact for Halkbank. So far, there are no forest-related opportunities that meet this threshold.
Water	Yes		

FW-FS2.4a

(FW-FS2.4a) Provide details of forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Portfolio where opportunity occurs

Banking (Bank) portfolio

Issue area opportunity relates to

Water

Opportunity type & Primary opportunity driver

Products and services

Development and/or expansion of financing products and solutions supporting water security

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company- specific description

i) An explanation of why this opportunity is considered strategic for the company: As part of its sustainable financing efforts, Halkbank contributes to facilitating Turkey's transition to a low-carbon economy by reducing foreign dependency on energy. In this direction, the share of HEPP, WPP, BPP, and SPP renewable energy and energy-saving projects in the energy investments portfolio it supports is constantly increasing. The increased risk of water stress with the climate crisis reduces the demand for HEPP. In addition, Turkey's electricity production was 10,8% from wind and 4,7% from solar in 2022. According to Turkey's National Energy Plan published in 2022, it is aimed that the share of the SPP in energy production will be 16.5% and WPP will be 17.7% in 2035. Halkbank evaluates annually the financing distribution of its portfolio according to this opportunity.

ii) An explanation of the action being taken to realize the opportunity: Halkbank annually evaluates the water stress risk of both the regions where it directly operates and the regions it finances with the WRI Aqueduct Tool and determines its strategy accordingly. Having provided the highest share in renewable energy financing to HEPPs until 2021, the Bank re-established the balance in its portfolio considering that these power plants are located in regions with high water stress risk and carry a repayment risk.

iii) An example of the action taken to realize the opportunity, with reference to their outcome and timescale of implementation: The renewable energy loan distribution in 2022 has been balanced within the portfolio as SPP, HEPP, and BPP, respectively. In 2022, the percentage of SPP among all resources in the Bank's renewable energy loans increased by 40% from the previous year to 69%.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

313,553,193.07

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

Turkey, which has a wide range of renewable energy resources, is among the countries that are suitable for the use of wind energy in the world. Wind and solar energy are among the renewable energy sources. Turkey's electricity production was 10,8% from wind and 4,7% from solar in 2022. In response to the potential drought-related risks by hydroelectric power plants in the future, Halkbank balanced its renewable energy loan distribution within the portfolio as SPP, HEPP, and BPP, respectively in 2022. Halkbank provided 1,741,354,620.49 TRY for SPP projects and 349,000,000 TRY for BPP projects in 2022. Halkbank, which provides the portfolio distribution at this rate against the risks of HEPP projects, provided a total of 2,090,354,620.49 TRY in financing. The ratio of SPP financings in the total renewable project portfolio has increased to 69% in 2022. The interest income of these loans is estimated as 15% of the amounts given, corresponding to approximately 313,553,193.07 TRY.

Cost to realize opportunity

1,000,000

Strategy to realize opportunity and explanation of cost calculation

To increase its capacity to finance energy projects, Halkbank formed an evaluation team of 16 review engineers, including 10 energy managers. Halkbank is responding to loan requests timely by developing new services and products for renewable energy projects. These actions are led by the Sustainability Committee of Halkbank, which has a member of BoD as its chairman. Necessary trainings are provided to employees to meet the possible customer requirements about the regulations and renewable energy sector lendings. The trainings, advertisements of the services & products and new purchases in relation with these products and services financial cost was about 1.000.000 TRY in 2022. This figure is estimated with the assumptions of the expense of spendings above.

Comment

N/A

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

New service commitments, increased marketability and increased profitability due to lower-cost credit products. The high turnover rates due to long-term follow-ups by international organizations have also affected the income and profitability of these loans positively. Regarding the operational cost, there are positive impacts on operational

costs due to low electric consumption, heating costs and costs related to fuel consumption of vehicles. Low emission materials are used in retrofitting branch offices. Low fuel-consuming vehicles are acquired, and energy management, virtual server and IT system investments are made.

With increasing renewable energy needs and the need to transition to a low-carbon economy, new markets for renewable energy are growing rapidly. Our customers from carbon-intense industries affected by the transition to a low-carbon economy are also looking for new ways to integrate their businesses with renewable energy so as not to conflict with ever-evolving regulations and contribute to climate change, like GreenDeal. For this reason, the importance of investments such as renewable energy systems, solar panels, and wind turbines is increasing. New investments in these areas have started to take place in the sector.

As Halkbank, we closely follow innovation and investment opportunities in the market. We offer our clients new market options such as lower loan rates and longer investment times. Thus, our activities in new markets accelerate and we can increase our revenue accordingly. In 2022, Halkbank has provided 2,5 Billion TRY to renewable energy financing. This is 1.8 B more than 2021 value. With these lendings provided, Halkbank has increased its market share by 0.7% in Türkiye's total installed capacity of renewable electricity. Also in mid-2022, Halkbank joined Net Zero Banking Alliance and committed to having a net-zero portfolio by 2050 at last in line with SBTI's net-zero standard.

Financial planning elements that have been influenced

Revenues
Capital allocation
Access to capital
Assets

Description of influence on financial planning

For access to capital, climate change is taken into account in company management and product development processes and there is effective sustainability management and performance reporting system, access to new financial instruments such as renewable energy funds and climate-sensitive investment funds are facilitated. Operating costs have been reduced with energy efficiency investments made in branches and operation buildings. Asset values have improved. Awareness-raising efforts were also made in the reporting year in respect of all energy management systems within the Bank, with the objective being to reduce the power consumption resulting from the increase in total operations, and to make improvements in Scope 2 emissions stemming from the consumption of electricity in the years to come by switching to sustainable carbon management. Our Bank plans to make use of new solar panels for its power supply. The solar panels on our office building, situated in Ataşehir, generated 9,435 kWh of electrical energy in 2022. As Halkbank, we closely follow innovation and investment opportunities in the market. We offer our clients new market options such as lower loan rates and longer investment times. Thus, our activities in new markets accelerate and we can increase our revenue accordingly. In 2022, Halkbank has provided 2,5 Billion TRY to renewable energy financing. This is 1.8 B more than 2021 value. With these lendings provided, Halkbank has increased its market share by 0.7% in Türkiye's total installed capacity of renewable electricity. Also in mid-

2022, Halkbank joined Net Zero Banking Alliance and committed to having a net-zero portfolio by 2050 at last in line with SBTI's net-zero standard.

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Yes, we take these risks and opportunities into consideration in the organization's strategy and financial planning

Description of influence on organization's strategy including own commitments

New service commitments, increased marketability and increased profitability due to lower-cost credit products. The high turnover rates due to long-term follow-ups by international organizations have also affected the income and profitability of these loans positively. Regarding the operational cost, there are positive impacts on operational costs due to low electric consumption, heating costs and costs related to fuel consumption of vehicles. Low emission materials are used in retrofitting branch offices. Low fuel-consuming vehicles are acquired, and energy management, virtual server and IT system investments are made.

With increasing renewable energy needs and the need to transition to a low-carbon economy, new markets for renewable energy are growing rapidly. Our customers from carbon-intense industries affected by the transition to a low-carbon economy are also looking for new ways to integrate their businesses with renewable energy so as not to conflict with ever-evolving regulations and contribute to climate change, like GreenDeal. For this reason, the importance of investments such as renewable energy systems, solar panels, and wind turbines is increasing. New investments in these areas have started to take place in the sector.

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Financial planning elements that have been influenced

Revenues
Capital allocation
Access to capital
Assets

Description of influence on financial planning

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renewable energy funds and climate-sensitive investment funds are facilitated. Operating costs have been reduced with energy efficiency investments made in branches and operation buildings. Asset values have improved. Awareness-raising efforts were also made in the reporting year in respect of all energy management systems within the Bank, with the objective being to reduce the power consumption resulting from the increase in total operations, and to make improvements in Scope 2 emissions stemming from the consumption of electricity in the years to come by switching to sustainable carbon management. Our Bank plans to make use of new solar panels for its power supply. The solar panels on our office building, situated in Ataşehir, generated 9,435 kWh of electrical energy in 2022. As Halkbank, we closely follow innovation and investment opportunities in the market. We offer our clients new market options such as lower loan rates and longer investment times. Thus, our activities in new markets accelerate and we can increase our revenue accordingly. In 2022, Halkbank has provided 2,5 Billion TRY to renewable energy financing. This is 1.8 B more than 2021 value. With these lendings provided, Halkbank has increased its market share by 0.7% in Türkiye's total installed capacity of renewable electricity. Also in mid-2022, Halkbank joined Net Zero Banking Alliance and committed to having a net-zero portfolio by 2050 at last in line with SBTI's net-zero standard.

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests-and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

Yes, we have conducted scenario analysis and we have identified outcomes for this issue area

Type of scenario analysis used

Climate-related

Parameters, assumptions, analytical choices

As Halkbank we use climate scenarios to foresee the possible outcomes for our lending activities and our own operations in the future due to climate change. We focus and work with the Network for Greening the Financial System (NGFS) climate scenarios. NGFS is a network of 114 central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for central banks' role in climate change. Its purpose is to define, promote and contribute to the development of best practices to be implemented and to conduct or commission analytical work on green finance. NGFS scenarios provide insight into how changes in climate will affect future financial and economic risks and how they can be evaluated. They provide consistency and comparable results in scenario analysis of organizations around the world. NGFS considers climate scenarios as orderly, disorderly and hot house world dimensions. Disorderly scenarios assume that policies and actions to be taken are delayed and transitional risks would get higher. Hothouse scenarios assume

that actions to be taken are late and the impact of climate change is irreversibly realized. Whereas orderly scenarios assume that climate-related policies are implemented quickly and become more stringent over time. In this scenario, both physical and transitional risks related to climate change are minimized. Under each of these dimensions, a total of 6 more detailed scenarios are provided by NGFS.

Description of outcomes for this issue area

As Halkbank we use the Net-Zero 2050 option under the orderly scenario. Net-Zero 2050 assumes that global warming is limited to 1.5 Degrees, strict climate policies are implemented, and reaching net-zero GHG in 2050 is possible. In NGFS scenarios, higher carbon prices mean a more strict policy. The scenario suggests that \$160 per tonne of carbon is necessary to incentivize the climate transition towards 2050 Net-Zero. The scenario suggests that energy investments must shift to greener options immediately and by 2050 green electricity should double other electricity investments. In line with this, we became one of the early signatories of NZBA in mid-2022 in Turkey and we are committed to reaching a net-zero portfolio by 2050.

Explain how the outcomes identified using scenario analysis have influenced your strategy

According to NGFS Net-Zero 2050 scenario, GDP losses will be around 10% for Turkey. Change in populations exposed to extreme weather events is expected to increase between 0.5 and 2 times. Decreasing energy use might be expected due to an increase in energy costs and carbon prices. These are currently leading our portfolio to shift to more energy-saving and low-carbon sectors. To provide our customers the best services in a transitioning to a 1.5 degrees world and reduce risks to be faced, Halkbank has started using climate scenarios and providing more climate-safe services. As of mid-2022, we have joined Net Zero Banking Alliance and committed to having a net-zero portfolio by 2050 at last. We are focusing on the sectoral breakdown of our portfolio in light of the NGFS scenario. In this way, we are able to foresee which customers will be having a higher climate-related risk depending on their sectors, geographies and climate-related regulations. This then provides the perspective to have a climate-related decision-making process.

Water

Scenario analysis conducted to identify outcomes for this issue area

Yes, we have conducted scenario analysis and we have identified outcomes for this issue area

Type of scenario analysis used

Climate-related

Parameters, assumptions, analytical choices

As Halkbank we use climate scenarios to foresee the possible outcomes for our lending activities and our own operations in the future due to climate change. We focus and work with the Network for Greening the Financial System (NGFS) climate scenarios. NGFS is a network of 114 central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for central

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FW-FS3.3

(FW-FS3.3) Has your organization set targets for deforestation free and/or water secure lending, investing and/or insuring?

	Targets set	Explain why your organization has not set targets for deforestation free and/or water secure lending, investing and/or insuring and any plans to address this in the future
Forests	No, but we plan to set targets within the next two years	We offer products and services that enable clients to mitigate climate change in line with Paris Agreement's 1.5 Degrees world goals. We are planning to improve the scope of the products that enable clients to mitigate their forest and water-related risks. As improvements continue, targets will be also formed.
Water Security	No, but we plan to set targets within the next two years	We offer products and services that enable clients to mitigate climate change in line with Paris Agreement's 1.5 Degrees world goals. We are planning to improve the scope of the products that enable clients to mitigate their forest and water-related risks. As improvements continue, targets will be also formed.

FW-FS3.4

(FW-FS3.4) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity	Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future
Forests	No, but we plan to address this within the next two years	We offer products and services that enable clients to mitigate climate change in line with Paris Agreement's 1.5 Degrees world goals. We are planning to improve the scope of the products that enable clients to mitigate their forest and water-related risks.
Water	No, but we plan to address this within the next two years	We offer products and services that enable clients to mitigate climate change in line with Paris Agreement's 1.5 Degrees world goals. We are planning to improve the scope of the products that enable clients to mitigate their forest and water-related risks.

FW-FS3.5

(FW-FS3.5) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area
Forests	Yes
Water	Yes

FW-FS3.5a

(FW-FS3.5a) Provide details of the policies which include forests- and/or water-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Forests

Type of policy

Credit/lending policy

Portfolio coverage of policy

100

Policy availability

Not publicly available

Attach documents relevant to your policy

Requirements for clients/investees

Comply with all applicable local, national and international laws and regulations

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Clients/investees must be compliant within the next year

Industry sectors covered by the policy

Energy
Materials
Automobiles & Components

Forest risk commodities covered by the policy

All agricultural commodities

Commodities with critical impact on water security covered by the policy

Forest risk commodity supply chain stage covered by the policy

Production
Processing
Trading
Manufacturing

Retailing

Exceptions to policy based on

Explain how criteria coverage and/or exceptions have been determined

The bank credit policy covers not only financial factors but also sustainability and environmental factors, which include climate-related issues. The sustainability criteria have been integrated into the credit policy in 2016, in line with our sustainability committee's establishment. The project evaluation reports and loan requests are examined in accordance with the credit policy . During the assessment, documentation related to sustainability and environmental responsibility are requested from customers. The topics included in the credit policy's Sustainability Assessment are: Environmental Impact Assessment Report, Green Building Certificate, ISO Environmental Management Certificate, Carbon Emission Assessment, Occupational Health and Safety Assessment, and Evaluation of Sensitivity to Consumer Rights. With an update in 2022, all commercial loan requests, the loan requests over 50M TRY from SME's are subject to the loan evaluation report . All greenfield investment loan request from SME's below 50M TRY is also subject to the project evaluation report besides loan evaluation report. We estimate the coverage of our portfolio against these thresholds as 100% of our lending portfolio in 2022.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Water

Type of policy

Credit/lending policy

Portfolio coverage of policy

100

Policy availability

Not publicly available

Attach documents relevant to your policy

Requirements for clients/investees

Comply with all applicable local, national and international laws and water regulations
Monitor water withdrawals, discharges and water quality parameters

Value chain stages of client/investee covered by criteria

Direct operations and supply chain

Timeframe for compliance with policy criteria

Clients/investees must be compliant within the next year

Industry sectors covered by the policy

Energy
Materials
Automobiles & Components

Forest risk commodities covered by the policy

Commodities with critical impact on water security covered by the policy

Cotton
Sugar
Maize/corn
Fruit
Grain
Nuts
Tea
Vegetable
Fish and seafood from aquaculture

Forest risk commodity supply chain stage covered by the policy

Exceptions to policy based on

Explain how criteria coverage and/or exceptions have been determined

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FW-FS3.6

(FW-FS3.6) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

	Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain how the covenants included in financing agreements relate to your policies for this issue area
Forests	Yes	Agreements with customers for Renewable Energy Corporate loans and Project finance include covenants to make sure that the financing given will be used for the purpose it was stated and information about sustainability-related inputs and outputs of the projects. These may include the level of green assets mandated for the project time frame and expected production levels. Also, capacity information, feasibility reports and Environmental Assessment Reports are required for information collection prerequisite to lending activities.
Water	Yes	Agreements with customers for Renewable Energy Corporate loans and Project finance include covenants to make sure that the financing given will be used for the purpose it was stated and information about sustainability-related inputs and outputs of the projects. These may include the level of green assets mandated for the project time frame and expected production levels. Also, capacity information, feasibility reports and Environmental Assessment Reports are required for information collection prerequisite to lending activities.

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area
Clients – Forests	Yes
Clients – Water	Yes

FW-FS4.1a

(FW-FS4.1a) Give details of your forests- and/or water-related engagement strategy with your clients.

Type of clients

Clients of Banks

Issue area this engagement relates to

Forests

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Offer financial incentives for clients managing forests-related issues

Portfolio coverage of engagement

100

Rationale for the coverage of your engagement

Engagement targeted at clients with increased forest-related risks

Impact of engagement, including measures of success

As of 2016, with the investments, the current activities of the company have been started to be evaluated and scored in terms of environmental and social impact. The evaluation criteria, which were integrated into the system in 2011 to make a corporate social responsibility assessment, were updated at the beginning of 2016 to include developments in sustainability. Firms and projects requesting loans with the Company Assessment Report scoring methodology are within the scope of the "Sustainability Evaluation" in accordance with the article "To take care to evaluate the credit demands within the framework of the Bank's credit policies by considering environmental and social factors, as well as economic factors in Sustainability and Environmental Policies, is scored. Not only investments but also the activities of companies applying for loans are evaluated in terms of sustainability. Environmental factors and sustainability assessment are divided into 3 different groups as low, medium and high risk. The headings included in the Sustainability Assessment are as follows: Environmental Impact Assessment Report, Green Building Certificate, ISO Environmental Management Certificate, Carbon Emission Assessment, Occupational Health and Safety Assessment. Sustainability Committee evaluates and implements suggestions for improvement and functioning of the mechanism in the environmental and social assessments in lending processes. The information collection process takes place before the financing activities. Halkbank negatively evaluates projects in sectors that are accepted and banned in a very high-risk group in the international literature. All commercial loan requests and the loan requests over 50M TRY from SME's are subject to the loan evaluation report. All greenfield investment loan request from SME's below 50M TRY is also subject to the project evaluation report besides the loan evaluation report. We estimate the coverage of our project investment portfolio against these thresholds as 100% in 2022

Type of clients

Clients of Banks

Issue area this engagement relates to

Water

Type of engagement

Engagement & incentivization (changing client behavior)

Details of engagement

Offer financial incentives for clients managing water-related issues

Portfolio coverage of engagement

100

Rationale for the coverage of your engagement

Engagement targeted at clients with increased water-related risks

Impact of engagement, including measures of success

As of 2016, with the investments, the current activities of the company have been started to be evaluated and scored in terms of environmental and social impact. The evaluation criteria, which were integrated into the system in 2011 to make a corporate social responsibility assessment, were updated at the beginning of 2016 to include developments in sustainability. Firms and projects requesting loans with the Company Assessment Report scoring methodology are within the scope of the "Sustainability Evaluation" in accordance with the article "To take care to evaluate the credit demands within the framework of the Bank's credit policies by considering environmental and social factors, as well as economic factors in Sustainability and Environmental Policies, is scored. Not only investments but also the activities of companies applying for loans are evaluated in terms of sustainability. Environmental factors and sustainability assessment are divided into 3 different groups as low, medium and high risk. The headings included in the Sustainability Assessment are as follows: Environmental Impact Assessment Report, Green Building Certificate, ISO Environmental Management Certificate, Carbon Emission Assessment, Occupational Health and Safety Assessment. Sustainability Committee evaluates and implements suggestions for improvement and functioning of the mechanism in the environmental and social assessments in lending processes. The information collection process takes place before the financing activities. Halkbank negatively evaluates projects in sectors that are accepted and banned in a very high-risk group in the international literature. All commercial loan requests and the loan requests over 50M TRY from SME's are subject to the loan evaluation report. All greenfield investment loan request from SME's below 50M TRY is also subject to the project evaluation report besides the loan evaluation report. We estimate the coverage of our project investment portfolio against these thresholds as 100% in 2022

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain	Agricultural commodity
Row 1	Yes	Timber products

FW-FS4.3a

(FW-FS4.3a) Describe how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity.

Timber products

Financial service provided

Banking

Smallholder financing/insurance approach

Financial incentives for sustainable practices

Other smallholder engagement approaches

Other than financing/insuring, we do not engage in other support for smallholders

Number of smallholders supported

0

Explain how the financing/insurance your organization provides enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity

Products are developed to support efforts to reduce carbon emissions through renewable energy and energy efficiency projects in order to direct investments to more sustainable technologies and businesses. The Bank carries out environmental impact assessment studies in order to evaluate the financed investment projects and companies from an environmental and social perspective.

Loans and investment projects financed by Halkbank are scored within the scope of the "Sustainability Evaluation" with the Firm Evaluation Report (FDR) scoring methodology, and the result of the scoring affects the company's rating. Not only investments, but also the activities of companies applying for loans are also evaluated in terms of sustainability. The value of smallholders supported is not disclosed due to confidentiality. In addition, in a way to benefit from the knowledge and experience of engineers with energy manager certificates; Going beyond just providing financial resources to companies in the use of resources, we also offer free technical consultancy services for the efficient realization of energy project investments.

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	Yes, we engage directly with policy makers
Water	Yes, we engage directly with policy makers

FW-FS4.4a

(FW-FS4.4a) On what policy, law, or regulation that may impact forests and/or water security have you been engaging directly with policy makers in the reporting year?

Issue area(s)

Forests

Focus of policy, law or regulation that may impact this issue area

Sustainable finance

Specify the policy, law or regulation on which your organization is engaging with policymaker

Sustainability Guide for the Banking Sector

Policy, law or regulation coverage

National

Country/area/region the policy, law or regulation applies to

Turkey

Your organization's position on the policy, law or regulation

Support with no exceptions

Description of engagement with policymakers

As Halkbank, we are member of the board of directors of the Banks Association of Turkey. We are actively participating in the Role of the Financial Sector in the Sustainable Growth Working Group of the association. This working group was established in order to contribute to the studies to be carried out on the creation of a general approach regarding the protection of the environment in lending and other services of banks and on the issue of handling the issue as a social project. The group has worked on raising general stakeholder awareness and disseminating the use of best practices, especially for the transition to a low carbon economy. The Banks Association of Turkey also provides distance education training for banks on environmental and social risk assessment.

As an active member of this group, Halkbank took part in the preparation and revision of the "Sustainability Guide for the Banking Sector" republished by the Banks Association in March 2021.

This guide defines 10 key principles for the banking and financial sector sustainability approach. Prepared by BAT Sustainability Working Group in collaboration with the Participation Banks Association of Turkey, the guide aims to enable the banks to more systematically manage environmental and social predictability, transparency and accountability approaches in the activities of the banks. The updated guide identifies 10 essential principles for sustainability approach in banking and finance sector such as, Evaluation and Management of Environmental and Social Risks Arising from Banking Activities, Contribution to Sustainable Development Targets, Struggle

against and Adaptation to Climate Change, Financial Health and Comprehensiveness, Human Rights and Workers' Rights, Comprehensiveness and Equality in Opportunity, Shareholder Participation and Communication, Corporate Management, Corporate Capacity Building, Monitoring and Reporting. Halkbank provided reviews, comments and feedback to this working group's studies.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your engagement on this policy, law, or regulation is aligned with the Sustainable Development Goals?

Yes, we have evaluated, and it is aligned

Issue area(s)

Water

Focus of policy, law or regulation that may impact this issue area

Sustainable finance

Specify the policy, law or regulation on which your organization is engaging with policymaker

Sustainability Guide for the Banking Sector

Policy, law or regulation coverage

National

Country/area/region the policy, law or regulation applies to

Turkey

Your organization's position on the policy, law or regulation

Support with no exceptions

Description of engagement with policymakers

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Details of exceptions (if applicable) and your organization’s proposed alternative approach to the policy, law or regulation

Have you evaluated whether your engagement on this policy, law, or regulation is aligned with the Sustainable Development Goals?

Yes, we have evaluated, and it is aligned

FW-FS5.1

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Banking – Impact on Forests	No, but we plan to in the next two years	Important but not an immediate priority	We have committed to set science-based targets in line with the SBT criteria. We have become the first bank that commits to set targets in line with SBT's Net-zero standard. Additionally, we joined the Net Zero Banking Alliance and committed to have a net-zero emissions portfolio by 2050. Within the scope of our climate change strategy, we are improving our data collection systems and due diligence processes. These will help Halkbank to measure the portfolio impact in terms of sustainability metrics other than GHG emissions.

Banking – Impact on Water	No, but we plan to in the next two years	Important but not an immediate priority	We have committed to set science-based targets in line with the SBT criteria. We have become the first bank that commits to set targets in line with SBT's Net-zero standard. Additionally, we joined the Net Zero Banking Alliance and committed to have a net-zero emissions portfolio by 2050. Within the scope of our climate change strategy, we are improving our data collection systems and due diligence processes. These will help Halkbank to measure the portfolio impact in terms of sustainability metrics other than GHG emissions.
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FW-FS5.2

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported	Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity
Lending to companies operating in the timber products supply chain	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	As of 2022, the portfolio exposure on different parts of the supply chain in this forest risk commodity can't be disclosed due to confidentiality. As we improve our data collection systems and due diligence processes in line with our net-zero targets, we will be assessing and disclosing related metrics in the next years.
Lending to companies operating in the palm oil products supply chain	No		
Lending to companies operating in the cattle	Yes	No, but we plan to assess our portfolio's exposure to this commodity in the next two years	As of 2022, the portfolio exposure on different parts of the supply chain in this forest risk commodity can't be disclosed due to confidentiality. As we improve our data collection systems

products supply chain			and due diligence processes in line with our net-zero targets, we will be assessing and disclosing related metrics in the next years.
Lending to companies operating in the soy supply chain	No		
Lending to companies operating in the rubber supply chain	No		
Lending to companies operating in the cocoa supply chain	No		
Lending to companies operating in the coffee supply chain	No		

FW-FS5.3

(FW-FS5.3) Indicate whether you measure the percentage of clients/investees compliant with your forests- and/or water-related requirements stated in question FW-FS3.5, and provide details.

Portfolio

Banking (Bank)

Issue area(s) the requirements cover

Forests

Forests risk commodity covered by the requirements

All agricultural commodities

Commodities with a critical impact on water security covered by the requirements

Cotton

Sugar

Maize/corn

Measurement of proportion of clients/investees compliant with forests- or water-related requirements

No, but we plan to measure this within the next two years

Explain why your organization does not measure the % of clients/investees compliant with forests- or water-related requirements, and any plans to address this in the future

The bank credit policy covers not only financial factors but also sustainability and environmental factors, which include climate-related issues. The sustainability criteria have been integrated into the credit policy in 2016, in line with our sustainability committee's establishment. The project evaluation reports and loan requests are examined in accordance with the credit policy . During the assessment, documentation related to sustainability and environmental responsibility are requested from customers. The topics included in the credit policy's Sustainability Assessment are: Environmental Impact Assessment Report, Green Building Certificate, ISO Environmental Management Certificate, Carbon Emission Assessment, Occupational Health and Safety Assessment, and Evaluation of Sensitivity to Consumer Rights. With an update in 2022, all commercial loan requests, the loan requests over 50M TRY from SME's are subject to the loan evaluation report . All greenfield investment loan request from SME's below 50M TRY is also subject to the project evaluation report besides loan evaluation report.

Portfolio

Banking (Bank)

Issue area(s) the requirements cover

Water Security

Forests risk commodity covered by the requirements

All agricultural commodities

Commodities with a critical impact on water security covered by the requirements

Cotton

Sugar

Maize/corn

Measurement of proportion of clients/investees compliant with forests- or water-related requirements

No, but we plan to measure this within the next two years

Explain why your organization does not measure the % of clients/investees compliant with forests- or water-related requirements, and any plans to address this in the future

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FW-FS6.1

(FW-FS6.1) Have you published information about your organization's response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Focus of the Publication

Forests

Publication

No publications, but reporting is underway to publish information about our response to forests- and/or water-related issues in the next two years

Status

Attach the document

Page/Section reference

Content elements

Comment

N/A

Submit your response

In which language are you submitting your response?

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