

CDP

**CDP 2017 Climate Change 2017 Information Request
T.SINAI KALKINMA BANKASI A.Ş.**

Module: Introduction

Page: Introduction

CC0.1

Introduction

Please give a general description and introduction to your organization.

Founded in 1950 with the mission to finance Turkey's private sector investments, TSKB (Industrial Development Bank of Turkey) is Turkey's first privately-owned development and investment bank. TSKB offers its clients a wide array of products and services in corporate banking, investment banking and advisory business lines. With its long term funding base secured from supranational financial institutions, accumulated know-how and synergy created with its subsidiaries, TSKB systematically contributes to the continuous development of the Turkish private sector. TSKB supports investments in various sectors with renewable energy, energy efficiency, resource efficiency, sustainable tourism, environmental and SME loans. With the World Bank actively involved in its foundation, TSKB operates in continuous cooperation with leading participants of global markets. TSKB's international partners include international and supranational institutions such as - International Bank for Reconstruction and Development, European Investment Bank, Kreditanstalt für Wiederaufbau, Council of Europe Development Bank, International Finance Corporation, Agence Française de Développement, European Bank for Reconstruction and Development, Oesterreichische Entwicklungsbank AG, Japan Bank for International Cooperation and Islamic Development Bank. In addition to state owned banks, TSKB is the only private bank which has an access to Turkish Treasury's guarantee for the funds the Bank has received from supranational institutions.

Over the last decade TSKB has covered substantial ground with regards to sustainability. Long before the enactment of the environmental legislation in Turkey, TSKB started to include environmental due diligence as part of its project appraisal activities. TSKB prepared its environmental management system (EMS) and put it into practice towards the end of 2006. Holding the EMS (ISO 14001) and Verification of Greenhouse Gas Emissions (ISO-14064-1) certificates, TSKB is Turkey's first carbon-neutral bank and has been awarded Turkey's first ISO 14001:2015 certificate. Since 2009, TSKB has issued five sustainability reports. This year, TSKB issued the first Integrated Report in the Turkish financial sector. All sustainability-related activities at TSKB are coordinated by the Sustainability Committee. The Committee's mission is to integrate sustainability into bank's business processes, to develop new products and business opportunities in sustainable banking area, and to increase the level of sustainability awareness. The Sustainability Committee consists of two members of the Board of Directors and two Executive Vice Presidents. The committee has a sub-committee consisting of 15 members from various departments.

Holding its place in top three companies with the highest ratings in BIST Corporate Governance Index since 2009, TSKB is also included in BIST Sustainability Index and FTSE4Good Emerging Index. TSKB has placed its name among achievements such as first sustainability and first integrated report in Turkish finance sector and first 'Green/Sustainable Bond' issuance in CEEMEA region. With its successful practices, TSKB has been awarded by international platforms such as Euromoney, Financial Times, IFC, CDP, Global Capital, and IFR.

TSKB provides equal opportunity for all employees without discrimination by gender. 55% of TSKB's employees and 56% of the executive staff are women.

In line with its “Sustainable Banking” mission, TSKB constructs its social responsibility projects around the idea of fostering an awareness—especially in the business and academic communities—of climate change, energy and carbon management, and all other environmental issues.

Türkiye İş Bankası (İşbank) Group control a %50.65 stake in TSKB, %39.1 of whose shares are traded on Borsa İstanbul (BIST) Star Market under the “TSKB” symbol. As of end-2016, the Bank’s registered capital stood at \$680M while its paid-in capital was \$557M. Being ranked the 19th bank in terms of asset size, total assets of TSKB amounted to \$6.87B as f the end of 2016. With 319 employees working in its core banking activities, TSKB makes up a family of 567 employees taken together with its subsidiaries.

CC0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Fri 01 Jan 2016 - Sat 31 Dec 2016

CC0.3

Country list configuration

Please select the countries for which you will be supplying data. If you are responding to the Electric Utilities module, this selection will be carried forward to assist you in completing your response.

Select country
Turkey

CC0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

USD(\$)

CC0.6

Modules

As part of the request for information on behalf of investors, companies in the electric utility sector, companies in the automobile and auto component manufacturing sector, companies in the oil and gas sector, companies in the information and communications technology sector (ICT) and companies in the food, beverage and tobacco sector (FBT) should complete supplementary questions in addition to the core questionnaire.

If you are in these sector groupings, the corresponding sector modules will not appear among the options of question CC0.6 but will automatically appear in the ORS navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below in CC0.6.

Further Information

Module: Management

Page: CC1. Governance

CC1.1

Where is the highest level of direct responsibility for climate change within your organization?

Board or individual/sub-set of the Board or other committee appointed by the Board

CC1.1a

Please identify the position of the individual or name of the committee with this responsibility

The highest level of direct responsibility for climate change lies with the TSKB Sustainability Committee. TSKB Sustainability Committee, that includes two Board Members and two Executive Vice Presidents, is responsible for the Sustainability Management in the Bank. Committee sets the Bank's sustainability vision and strategy, formulates applicable action plans, and coordinates associated activities according to the Sustainability Policy and its supplementary policies such as Environmental and Social Impact Policy, Human Rights Policy, Anti-Bribery and Anti-Corruption Policy, Occupational Health & Safety Policy and Sustainable Procurements Management Policy (please see the attachments for the mentioned policies). Being approved by the Board of Directors, Sustainability Policy and its supplementary policies cover the environmental and social dimensions of sustainable development in TSKB. Fundamental principles pertaining to the assessment and management of the environmental and social impact that may result from the activities of the bank are set forth in Environmental and Social Impact Policy. In addition, TSKB's perception and strategy on climate change, human resource management, stakeholder engagement and governance are also mentioned in its other major policy documents.

Underneath the Sustainability Committee, and reporting directly to it, is the Sustainability Sub-Committee, which consists of several members from various departments (please see the attachment for sustainability management organization chart). Main duties of the sub-committee are; developing and managing sustainability strategies, internalizing sustainability and capacity development on sustainability, integrating sustainability into banking products and services, managing internal and external environmental impacts and associated social responsibilities, engaging in sustainability-related communication and quantifying and reporting the sustainability performance. The Sub-committee holds regular meetings. One of the Sustainability Sub-Committee members is Sustainability Coordinator, who is responsible for coordinating the sustainability activities within the Bank and acting as the secretary during the Sustainability Committee meetings. Under Sustainability Sub Committee there are four different working groups which are "ISO 14001 & ISO 14064", "Reporting and Dialogue with Stakeholders", "New Themes / Source Development" and "Sustainability Index". In the attached documents, please find the sample committee meeting notes including sustainability activity plans, sustainability reporting, BIST Sustainability Index preparations, stakeholder engagement etc. TSKB Sustainability Sub-Committee presents regular reports to the Executive Vice Presidents (who are members of Sustainability Committee) on a quarterly basis and prepares annual report that is submitted to the CEO. Reporting to Sub-Committee, there are working groups that are specialized in different tasks. The Sustainability Management System (SMS) of TSKB, which includes climate change issues, ensures that the organization will be able to continuously improve its sustainability performance, improve the internal and external information flow, better control environmental risks related to TSKB products, comply with all relevant laws and standards, calculate and offset the carbon foot-print of the Bank periodically and conduct the banking operations on a carbon-neutral basis. The SMS was designed in compliance with the international ISO 14001 Environmental Management System standard and it has been certified since 2007. The system requires organizing Management Review Meetings annually as a part of the ISO 14001 certification. With the help of SMS, TSKB also has organized itself to set 140064 Carbon Management Certification and TSKB holds ISO 14064 since 2012. The responsibilities for climate change issues are discussed at the top management level (please see sample meeting notes in the attachment) through management review meetings. Our corporate goals include ensuring that the concept of sustainability is embraced by all employees and integrated into our business processes and services, developing new products and business opportunities in sustainable banking and increasing the level of sustainability awareness in the banking sector and business community.

CC1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

CC1.2a

Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
Corporate executive team	Recognition (non-monetary)	Other: Sustainability Management System Targets	2 board members and 2 Executive Vice Presidents of the Sustainability Committee are responsible for setting the sustainability vision and strategy of the bank and the relevant targets to achieve this strategy. The Committee also formulates applicable action plans, and coordinates associated activities according to the Bank's Sustainability Policy and its supplementary policies. Via these targets, the bank can achieve the aimed annual emission reduction levels, percent of sustainable finance, levels of natural resources consumption, environmental and social impact assessment application to all investment projects.
All employees	Recognition (non-monetary)	Other: Communicating climate change issues	Training of all employees about sustainability and Bank's sustainability activities is one of the targets of the Bank's sustainability management. In previous years, all employees of TSKB were trained about the issues. Hence, in 2016, sustainability trainings were organized only for MT program beginners and newly employed staff. Moreover, specific external sustainability certificate trainings were organized for some members of the Sustainability Sub-Committee to improve their sustainability and climate change related knowledge and skills. In total 2 such trainings were organized. All employees of TSKB are informed about TSKB's work and strategy on sustainability and they are encouraged to bring new ideas and suggestions for the topic. There exists a "suggestions portal" in the intranet for such feedback. All employees can access this portal to contribute to the Bank's strategy on sustainability and climate change tackling.
Other: Members of Sustainability Sub-Committee	Monetary reward	Behavior change related indicator Other: Generating business related to climate change services	Sustainability Sub-Committee consists of 15 members from various departments of TSKB. They are responsible for the integration of sustainability concept into all business processes and services, developing new services and opportunities in sustainable banking, increasing the level of sustainability awareness in the banking sector and business community. The Sub-Committee targets are assigned to committee members

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
			and they are tracked in annual performance reviews. Via these targets, the bank can achieve the aimed annual emission reduction levels, percent of sustainable finance, levels of natural resources consumption, environmental and social impact assessment application to all investment projects.
Other: : Members of ISO 14001/ISO 14064 Working Group	Monetary reward	Emissions reduction target Energy reduction target	Performance indicator about CO2 emission reduction, energy and natural resources consumptions. These data are verified according to both ISO 14001 and ISO 14064 annually. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews. Via these targets, the bank can achieve the aimed annual emission reduction levels and levels of natural resources consumption.
Other: : Members of ISO 14001/ISO 14064 Working Group	Monetary reward	Other: ISO14001 Environmental Management System (EMS) Recertification	This working group is basically responsible for successful audit and recertification of ISO 14001 and ISO 14064 certifications. It involves management of all internal environmental KPIs, including consumption of natural resources, generation of wastes, application of environmental and social impact assessment to each investment project and emitting of CO2 emissions. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.
Other: Members of Sustainability Index Working Group	Monetary reward	Other: To be listed in BIST Sustainability Index	EIRIS assessed TSKB based on international sustainability criteria. SI Working Group is responsible for providing the required feedback and execute the in-house improvement activities in order to enhance the KPIs that are not scored in the assessments. For the activities with the related departments in the Bank, briefings to relevant departments are conducted and improvement studies are coordinated. In 2016, TSKB has been listed for the second time in the index but the assessment will continue in the following years and the SI Working Group targets will be revised for the KPI score improvements. TSKB has entered FTSE4GOOD Emerging Markets Index as of 2016. SI working group activities also cover the relevant activities for this index. The Working Group targets assigned directly to group members and they are tracked in annual performance reviews.

Further Information

Attachments

https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Committee-Organization-Chart-1.PNG

https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Policy-1.PNG

[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_Man.Review Protocol.docx](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_Man.Review%20Protocol.docx)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Committee-Organization-Chart-2.PNG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Committee-Organization-Chart-2.PNG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB Sustainability Sub-Committee Meeting NotesII.docx](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB%20Sustainability%20Sub-Committee%20Meeting%20NotesII.docx)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainable-Procurements-Management-Policy.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainable-Procurements-Management-Policy.pdf)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Occupational-Health-and-Safety-Policy.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Occupational-Health-and-Safety-Policy.pdf)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Committee-Organization-Chart-4.PNG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Committee-Organization-Chart-4.PNG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB_Anti_Bribery_and_Anti_Corruption_Policy.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB_Anti_Bribery_and_Anti_Corruption_Policy.pdf)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB Sustainability Sub-Committee Meeting NotesI.docx](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB%20Sustainability%20Sub-Committee%20Meeting%20NotesI.docx)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Committee-Organization-Chart-3.PNG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Committee-Organization-Chart-3.PNG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_Man.Review.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_Man.Review.pdf)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Human-Rights-Policy.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Human-Rights-Policy.pdf)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Policy-3.PNG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Policy-3.PNG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Environmental-and-Social-Impact-Policy.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Environmental-and-Social-Impact-Policy.pdf)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Policy-2.PNG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/1.1a_TSKB-Sustainability-Policy-2.PNG)

Page: CC2. Strategy

CC2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

CC2.1a

Please provide further details on your risk management procedures with regard to climate change risks and opportunities

Frequency of monitoring	To whom are results reported?	Geographical areas considered	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Board or individual/sub-set of the Board or committee appointed by the Board	Company level (internal) risks and opportunities arising from operational services and asset level (external) risks and opportunities arising from lending activities are within the borders of Turkey.	> 6 years	The Sustainability Committee formed by two Board Members and two Executive Vice Presidents meets every three months to define the Bank's sustainability vision and strategy, to formulate applicable action plans, to coordinate associated activities according to the Sustainability Policy and its supplementary policies. If deemed necessary, Sustainability Committee has the authority to submit item to board of directors meeting agenda in order to discuss on sustainability concern.

CC2.1b

Please describe how your risk and opportunity identification processes are applied at both company and asset level

TSKB developed a well-structured Management System (SMS) in 2005 in order to manage risks and opportunities on environmental issues including climate change. It has been certified with ISO 14001 since 2007. TSKB applies its experience in sustainability to its internal operations & documents according to Sustainability Policy. TSKB ensures that all level risks & opportunities are identified & managed via SMS's internal procedures.

Company level risks occur due to uncontrolled use of natural sources in operational activities. They are identified, measured and the performance is continually improved within the SMS framework by the ISO Working Group. The group works on internal environmental impacts and risks by describing waste specific methodologies and actions should be taken to prevent the occurrence and tracking the performance. Moreover, GHG emissions of the bank are also calculated, verified, offset and reduced by the same working group according to ISO 14064 since 2012.

At asset level, external risks of the clients and their projects related with the lending activities of TSKB is managed within the SMS framework by the ISO Working Group. TSKB developed a tool (ERET) that includes a detailed query to determine the clients' and their projects' environmental and social risks. It classifies clients' and their projects' risks as A, B, B+ and C, where A is the highest. It is aligned with international environmental performance standards like IFC, EBRD, etc. The risk category clarifies acceptable limits for risks involved and ensures that the project complies with general lending policies of TSKB. The risk score offers a proper action plan to minimize and manage environmental & social risks of projects. In terms of asset level opportunities, New Theme Development working group, consisting of members from corporate marketing, engineering and development finance institutions departments, is responsible for climate-related new thematic funds and market development.

CC2.1c**How do you prioritize the risks and opportunities identified?**

TSKB identifies its climate change related risks and opportunities as company (internal) and asset (external) level risks & opportunities via Sustainability Management System (SMS) of the Bank. According to the SMS, Sustainability Committee (SC) is in charge of prioritization of risks and opportunities by considering their impacts.

Internal consumptions and carbon footprint caused by Bank's operational activities are main influence sources of SC for building the Bank's sustainability and climate change tackling strategy. The strategy includes climate change related tackling methodologies in where risks and opportunities take an important role during development phase. All internal consumptions and GHG emissions are calculated according to ISO 14001 and ISO 14064 standards within the scope of SMS framework.

TSKB's asset level risks and opportunities are prioritized considering the feedback from its stakeholders via stakeholder engagement process, potential cost/profit impact, its brand value, impacts on TSKB's core business activities and carbon footprint, international developments and agreements on climate change and the bank's sustainability policy. As a development bank, TSKB takes into consideration its investments' contribution to the national development and climate change strategy of the country.

CC2.1d

Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

Main reason for not having a process	Do you plan to introduce a process?	Comment
--------------------------------------	-------------------------------------	---------

CC2.2**Is climate change integrated into your business strategy?**

Yes

CC2.2a

Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

i- Having created its own Management System in 2005 and published first Environmental Policy, TSKB has started environmental & social topics' integration into its business processes more than 10 years ago. In following years, the policy was revised in order to meet the needs and expectations of the Bank, finally the current Sustainability Policy was approved in 2015 by the Board. The Policy and strategy are set by Sustainability Committee (SC), having 2 Board members and 2 Executive Vice Presidents. Sustainability strategy is set by considering stakeholder analyses, the brand value, sector assessments, actual developments in fields of sustainability and finance, discussions regarding climate change, regulatory environment, the Bank's portfolio's exposure to climate change related risks & opportunities, measurement of the Bank's internal impacts and carbon footprint calculated each year. SC then provides its recommendations regarding sustainability & climate change related topics to the Board. After all discussions, SC develops the strategy and action plans need to be taken. Sustainability Sub-Committee (SSC) is responsible for conducting the activities sustainability strategy requires on behalf of SC. 4 working groups on ISO14001&14064, Sustainability Reporting, Dialogue with Stakeholders, New Theme Development and Sustainability Index perform detailed studies and provide feedback on their assigned topics to the SSC. Moreover, TSKB sets the goal of attending COP events annually and playing an active role in climate change related NGOs, primarily in local partners of WBCSD, UNGC, CDP and also UNEP FI. The information and impressions gathered are provided to SC, to be considered in TSKB's sustainability strategy discussions.

ii- Customers of TSKB are faced with risks & opportunities driven by cap and trade schemes, international agreements, renewable energy regulation, change in temperature extremes and change in precipitation extremes and droughts. TSKB supports its customers by offering sustainable products and services that provide low carbon and high efficient solutions. Renewable energy, energy efficiency (EE) and resource efficiency (RE) finance thematic loans are constituted as sustainability products.

iii- The share of sustainability themed loans was 57% of the portfolio as of 2016 year-end. For renewable energy finance, TSKB financed 211 projects varying from hydro to solar, wind, biomass and geothermal, with a 5332 MW total installed capacity representing 15% of Turkey's total installed capacity. The total investment on projects funded between 2003 - 2016 was \$9B of which \$3.4B was committed by TSKB. For EE and RE projects that primarily aim to reduce consumption of energy, raw materials & generation of waste in industry, TSKB allocated \$750M to 122 projects as of 2016.

TSKB issued its first Green/Sustainable Bond in Turkey and CEEMEA in 2016. This was the beginning of Green Eurobond issuance in Turkey and in line with the targets of SC, TSKB has set an example in the industry in tackling climate change with this new product. The bond has a size of 300 million USD and a tenor of 5 years. The framework of the Bond has been designed to fund climate change mitigation, adaptation and sustainable infrastructure projects. Gained experience in sustainable finance, built capacity in the institution and developed skill in evaluation of climate change and related issues are main contributors of this success. During the development phase, an internationally recognized independent sustainability consultant, Sustainability, provided a second party opinion on the bond framework. It includes the assessment of the framework's alignment with the transparency and reporting requirements of the Green Bond Principles (GBPs). The framework has followed the four key pillars of the GBPs that are, use of proceeds, eligible investment selection process, management of proceeds and reporting, was fully aligned with the GBPs. The Bond was oversubscribed by 13 times and received the largest ever orderbook for a RegS only transaction out of Turkey. TSKB has been awarded for the 'SRI Bond of the Year' by the IFR, Thomson Reuters Awards 2016 and EMEA Green/SRI Bond Deal of the Year in the CEEMEA region by the Global Capital Awards.

In 2017, TSKB has published the Impact Report of the Bond which contains the information about the projects financed by the Bond, the CO2 emissions of the them and their KPI's.

As part of its support to Turkey's transition to low carbon economy, TSKB has set targets of financing solar power plants of minimum 50 MW & wind power plants of 100-150 MW capacity in 2015 – 2016 period. In 2016, TSKB financed solar power plant investments of 59 MW and wind power plant investments of 279 MW capacity. Finally, the target has been achieved successfully by 86 MW solar and 440 MW wind power installed capacities. Financing 5 new water efficiency projects along with 10 new EE and/or RE projects in 2015 – 2016 period is another target. In 2016, TSKB financed 31 EE and 7 RE projects, 5 of which are water efficiency projects. TSKB has achieved its goals and plans to be one of the most effective players in the area of energy and RE with thematic funds it provides from supranational institutions.

iv- One of the tools utilized in assessing the asset level (external) risks and opportunities, is TSKB's own environmental & social management approach & risk assessment tool (ERET) for the projects in its portfolio; applied regardless of scope, size and loan amount of investment projects. TSKB's environmental methodology is above and beyond the Turkish official requirements.

v- Company level (internal) risks and opportunities are led by ISO Working Group and audited with ISO14001 and ISO14064. TSKB had successfully recertified its ISO 14001 certificate according to the revised standard in 2015 for the first time in Turkey. TSKB measures its carbon footprint stemming from its operations annually since 2006 and offsets it by purchasing voluntary Gold Standard Carbon Certificate since 2009. TSKB also uses green energy in all its service buildings since 2009. Reducing GHG emissions by 2.5% annually until the end of 2016 in comparison to 2012 levels is another target of TSKB. It is achieved and overreached by 7% as of 2016. TSKB has set a new target of reducing its average GHG emissions at least 10% below of the average consumption value of the last 5 years till the end of 2021. Besides, TSKB consumes 36% less electricity, 45% less natural gas, 46% less paper and 49% less paper today in comparison to 2005.

vi- TSKB has been evaluated by national and international indexes that measure the performances of companies' regarding their financial as well as the environmental, social and corporate governance aspects. TSKB is included in the BIST Corporate Governance Index since 2009, and BIST Sustainability Index since 2015 and was selected for FTSE4GOOD Emerging Markets Index in 2016.

CC2.2b

Please explain why climate change is not integrated into your business strategy

CC2.2c

Does your company use an internal price on carbon?

Yes

CC2.2d

Please provide details and examples of how your company uses an internal price on carbon

Based on its internal impacts (consumption of natural resources), TSKB calculates its carbon emissions each year. These emissions are verified according to ISO 14064 by an accredited 3rd party consultant since 2012 and offset by purchasing voluntary Gold Standard Certificate annually, since 2009.

When renewable energy projects financed by TSKB include plans to obtain voluntary VCS or Gold Standard Certificate to sell in the voluntary carbon market, this revenue is considered in the cash flow.

In the last five years, TSKB did not finance any greenfield or significant capacity increase investments of high carbon emitting industry projects. For this reason, there has not been a necessity to consider an internal shadow price on carbon in the cash flow studies yet. It is also anticipated that regulations will be set regarding CO2 taxation and/or ETS mechanism in the near future in Turkey. TSKB pursues carbon related activities closely on government and private sector sides. Also, TSKB has capability to reflect carbon price to the investment project assessment procedure immediately, when relevant regulations are developed and implemented.

CC2.3

Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)

Direct engagement with policy makers
Trade associations
Other

CC2.3a

On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
Climate finance	Support	TSKB has been a member of leading national NGOs, which advocate tackling climate change with collaboration of private sector. Turkish Business Council of Sustainable Development (TBCSD) and the Turkish Industry and Business Association TUSIAD's Environment and Climate Change Working Group, focusing on climate change issues especially.	TSKB attends meetings of working groups to discuss climate change related issues and seek for solutions with industry sector participants. The outcomes of the meetings are shared with related authorities to orient developing policies towards climate change issues.
Other: Cap	Support	The Environment and Urbanization Ministry carries out the	TSKB supports development of convenient regulations for carbon

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
and Trade & Carbon Tax		Partnership for Market Readiness Project (PMR) which is supported by the World Bank to evaluate different carbon pricing instruments in the country. As part of the project, the Ministry holds several consultation and informative meetings which TSKB also attends.	cap, trade and/or tax according to national carbon market dynamics. TSKB attends these meetings regularly to follow the progress closely and provides feedback if required.
Climate finance	Support	Head of the Development Finance Institutions Department attended OECD Roundtable on 'Scaling up climate investment through National Development Banks (NDBs), Multilateral Development Banks (MDBs), and Development Finance Institutions (DFIs)'. The event organized by the OECD in synergy with the IDFC Climate Finance Forum and the Climate Finance Day. TSKB, as a development bank, took part in the event and gave a speech on issues related to climate finance.	Discussions were organized to develop recommendations for a major new OECD study on Growth, Investment and the Low-carbon Transition: Constructing a Climate-resilient Future for the G20. TSKB gave detailed information about expectations from studies and G20 countries particularly in scaling up financing for green Infrastructure through various financial institutions. The discussion notes will be taken into consideration by OECD and G20 countries during policy-making processes.
Clean energy generation	Support	The Annual Meetings of the Boards of Governors of the International Monetary Fund (IMF) and the World Bank Group (WBG) bring together central bankers, ministers of finance and development, private sector executives, representatives from civil society organizations and academics to discuss issues of global concern, including the world economic outlook, poverty eradication, economic development, and aid effectiveness. The event was well attended by TSKB especially with the participation of senior-level management.	TSKB attended several sections varying from "sustainable economic development" to "turning the Paris Climate Agreement into action". Also TSKB had a platform to share experience and expectations on the issue of "The Role of National Development Bank's in Facilitating Sustainable Energy Mix". TSKB supports development of new energy related/ climate specific products in finance sector to contribute climate change mitigation. Hopefully, policy-maker participants, primarily "central bankers" and "ministers of finance and development" have been inspired by TSKB's expectations.

CC2.3b

Are you on the Board of any trade associations or provide funding beyond membership?

Yes

CC2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
Turkish Industry and Business Association	Consistent	TUSIAD, one of the most important NGOs of Turkish private sector who has a significant representative capacity of the economic activity in Turkey. It's activities are aimed at creating a social order based on the competitive market economy and sustainable development.	TUSIAD established the Sustainable Development Roundtable (SDR) to promote sustainable development in the country through the contribution of private sector. TSKB is a member of SDR and represented by the Bank's CEO. In order to reach SDR targets, the Climate Change and Environment Working Group has been constituted. TSKB engineers attend meetings of this working group to discuss climate change related issues and seek for solutions with industry sector participants. The outcomes of meetings are shared with related authorities to orient developing policies towards climate change issues.

CC2.3d

Do you publicly disclose a list of all the research organizations that you fund?

CC2.3e

Please provide details of the other engagement activities that you undertake

CEO of TSKB is in the board of The Banks Association of Turkey (TBA). TSKB regularly attends TBA meetings on sustainable finance.

TSKB is a member of Turkish Business Council of Sustainable Development (TBCSD) and has been appointed as a member of board of directors (please see the print screen in the attachment). TSKB is in the “energy”, “circular economy”, “sustainable finance” and “women employment and equal opportunities” working groups of TBCSD. TSKB supports sustainable development activities in Turkey by taking active roles in NGOs.

TSKB is a member of the Global Compact Turkey Network and plays an active role in its activities.

TSKB is a founding member (founded in 2011) of International Development Finance Club (IDFC), which works on a program compiling environmental, climate and social development topics, under the vision of building on climate finance and sustainable development (please see the print screen in the attachment). TSKB is a member of Long Term Investors Club (LTIC), which is focused on long term vision of finance and economy to get a strong, sustainable and balanced growth in global economy (please see the print screen in the attachment). TSKB is among the founders of the European Association of Long-Term Investors (ELTI) launched

by the most influential 16 long-term financial institutions of Europe to foster more sustainable, smart and inclusive European growth (please see the print screen in the attachment). TSKB is a member of TUSIAD's Environment and Climate Change Working Group, focusing on climate change issues especially. In December 2016, TSKB also became a member of ERTA (Integrated Reporting Network Turkey).

TSKB is a stakeholder of several volunteer initiatives such as GRI, UNGC, UNEP – FI, CDP, etc. The aim of TSKB by being a member of these organizations is not only submitting reports about its enhancements, but also trying to initiate awareness regarding climate change issues in the sector. Apart from these activities, TSKB actively responds to questionnaires and official opinion requests of drafts reports of the Ministries and Government regarding environment, energy, climate change, etc.

CC2.3f

What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

All TSKB's direct and indirect activities that influence policy on climate change are coordinated and managed by the Sustainability Committee. The Committee consists of two Board Members and two Executive Vice Presidents. Main duties and responsibilities of the Committee are defining the Bank's sustainability vision and strategy, formulating applicable action plans, coordinating associated activities according to the Sustainability Policy, and its supplementary policies. Under Sustainability Committee, there is the Sustainability Sub - Committee, consisting of several members from different departments, reporting directly to the Sustainability Committee. One of the responsibilities of the Sub-Committee is implementing action plans to achieve the Sustainability Committee's targets which indicates that overall climate change strategy is integrated into all direct and indirect activities of the Bank by the established Sustainability Management System.

Besides, the Sustainability Management System assists Sustainability Committee on this issue. Not only climate change policies and strategy but also, duties and responsibilities, activities to be done, time plans, bi-annual progression reports are documented within the SMS framework. That helps Sustainability Committee to ensure that policies and strategies are consistent with each other and the entire process recorded within a well-structured management system.

TSKB has published its "Climate Change Declaration" in 2016, stating clearly its strategy and goals regarding climate change. The declaration briefly explains how TSKB's main activities are managed in consistency with its climate change strategy. It is publicly available in TSKB's website in the following link.
<http://www.tskb.com.tr/en/sustainable-banking/tskb-and-sustainable-banking>

Moreover, TSKB published its first "Integrated Report" in 2016 which is a document that involves sustainability approach and the Bank's future strategy. In the development phase of the report, valuable opinions and feedbacks of employees from various management levels through workshops were taken into consideration in order to enable employees to take part in the process. Thus their contribution played a crucial role in both preparation of the report and building climate change strategy of the Bank.

CC2.3g

Please explain why you do not engage with policy makers

Further Information

Attachments

[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3f_Climate Change Declaration_1.JPG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3f_Climate%20Change%20Declaration_1.JPG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.1b_P7.R1.2015 Greenhouse Gas Inventory_2016.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.1b_P7.R1.2015%20Greenhouse%20Gas%20Inventory_2016.pdf)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_IDFC membership_2.JPG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_IDFC%20membership_2.JPG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_TBCSD Board.PNG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_TBCSD%20Board.PNG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_ELTI.JPG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_ELTI.JPG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3f_Climate Change Declaration_3.JPG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3f_Climate%20Change%20Declaration_3.JPG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_IDFC membership_1.PNG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_IDFC%20membership_1.PNG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_ERTA membership.jpg](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_ERTA%20membership.jpg)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_Global Compact-TSKB_3.jpg](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_Global%20Compact-TSKB_3.jpg)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_Global Compact-TSKB_1.jpg](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_Global%20Compact-TSKB_1.jpg)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_TBCSD Member.PNG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_TBCSD%20Member.PNG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_Global Compact-TSKB_2.jpg](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_Global%20Compact-TSKB_2.jpg)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_LTIC.PNG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3e_LTIC.PNG)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3f_Climate Change Declaration_2.JPG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC2.Strategy/2.3f_Climate%20Change%20Declaration_2.JPG)

Page: CC3. Targets and Initiatives

CC3.1

Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year?

Absolute target
Renewable energy consumption and/or production target

CC3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	Comment
Abs1	Scope 1+2 (market-based)+3 (upstream)	100%	10%	2012	950	2016	No, as there is currently no established science-based targets methodology in this sector	The absolute target of TSKB is to reduce GHG emissions by 10% until the end of 2016. The road map to achieve this target is to decrease the emissions by 2.5% each year compared to the base year-2012. Science Based Targets initiative (SBTI) has not yet fully developed how to properly assess financial institutions' Scope 3 emissions against a 2°C trajectory so the SBTI cannot currently verify the Bank'S targets (Scope 1, 2 & 3) as fully aligned with the eligibility criteria. Because TSKB has submitted the attached commitment letter (please see in the attachments) to "Call to Action", SBTI will continue to recognize TSKB as a committed company on the Science Based Targets Initiative, CDP and "We Mean Business Coalition" websites.
Abs2	Scope 1+2 (market-based)	100%	100%	2016	391	2016	No, as there is currently no established science-based targets methodology in this sector	TSKB measures its carbon footprint stemming from its operations annually since 2006 and offsets it by purchasing voluntary Gold Standard Carbon Certificate since 2009. In 2012, TSKB decided to verify greenhouse gas emissions for the organizational level by a third party. TSKB completed the audit on 7th September 2012. Since 2011, greenhouse gas emission of TSKB has been

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	Comment
								verified by a third party and since 2012, TSKB has been offsetting verified emissions by Gold Standard Carbon Credits annually.
Abs3	Other: Scope-3 (upstream)	100%	100%	2016	471	2016	No, as there is currently no established science-based targets methodology in this sector	TSKB measures its carbon footprint stemming from its operations annually since 2006 and offsets it by purchasing voluntary Gold Standard Carbon Certificate since 2009. In 2012, TSKB decided to verify greenhouse gas emissions for the organizational level by a third party. TSKB completed the audit on 7th September 2012. Since 2011, greenhouse gas emission of TSKB has been verified by a third party and since 2012, TSKB has been offsetting verified emissions by Gold Standard Carbon Credits annually.

CC3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions covered by target	Target year	Is this a science-based target?	Comment
----	-------	-------------------------	----------------------------	--------	-----------	--	-------------	---------------------------------	---------

CC3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
----	---	--	---	--	---------

CC3.1d

Please provide details of your renewable energy consumption and/or production target

ID	Energy types covered by target	Base year	Base year energy for energy type covered (MWh)	% renewable energy in base year	Target year	% renewable energy in target year	Comment
RE1	Electricity consumption	2009	692501	53.26%	2021	100%	Since July 2009, TSKB has been consuming green electricity produced from renewable energy production plants and sourcing 100% electricity from the renewable energy company of Bereket Energy. The official document taken from Bereket Energy is attached to the report. TSKB revises its 5-year Strategic Plan each year. Based on the 2016's strategic plan TSKB will continue to use the green electricity until the end of 2021.

CC3.1e

For all of your targets, please provide details on the progress made in the reporting year

ID	% complete (time)	% complete (emissions or renewable energy)	Comment
Abs1	100%	93%	At the end of 2010, TSKB's carbon footprint was 67.88% lower than what it was in 2008. Such a high rate of reduction had been achieved through use of renewable energy power. Since July 2009, TSKB has been purchasing green electricity from renewable energy power plants of Bereket Energy. This had led to 686 ton CO2e reduction compared to the base year greenhouse gas emission. In 2010, by putting a stop to supply private cars to managers (in order to reduce carbon footprint), integrating sensors to the lighting system and delivering reports in soft format & using both sides of paper during printing, TSKB's GHG emission was reduced 59 ton. Due to these reductions in greenhouse gas emission, new reduction target of 2012 was given as 0%. This refers that TSKB's emission target for the reporting year was to keep the same value of 2011 which was 1117 ton CO2e. Since 2012, refrigerants pipelines have been maintained periodically to prevent any leakage from the lines and internal reports have been delivered in soft copy format among managers to keep the emissions under control. Compare to base year-2011, TSKB emissions of 2012 have been reduced to 950 ton CO2e. Therefore, TSKB has put a 10% reduction target until the end of 2016 -compared to 2012. In 2014, greenhouse gas emissions were 10% less than the target emissions of that year. TSKB successfully achieved 2014 target value which was 902.5 ton CO2e. However, in 2015, the fugitive emissions increased by 342 ton CO2e because of the fact that total refrigerant leakages (R-22 and R-407C) were increased by 242.4 kg during the chiller units' maintenance activity which was performed once in every 15 years. Therefore, TSKB greenhouse gas emissions of 2015 was calculated 1249 ton CO2e which prevented TSKB from achieving target emission 878.75 ton CO2e. In this reporting year, the fugitive emissions were decreased 412 ton CO2e since the fact that only 9.4 kg R-22 was lost in 2016 chiller maintenance activity. Since average air temperature during the heating period increased by 1°C compared to 2015, the emissions from natural gas consumption were decreased by 4 ton CO2e. As a result, reporting year emission is calculated as 862 ton CO2e which is 9.3% less than the 2012 base year emission, instead of the targeted 10%.
Abs2	100%	100%	In the reporting period, TSKB has offset Scope-1&2 emissions (391 ton CO2e) by Gold Standard Carbon Credit created by Alize-Keltepe Wind Power Plant. (20.7 MW-Vintage 2009-391# VER credits)
Abs3	100%	100%	In the reporting period, TSKB has offset Scope-3 emissions (471 ton CO2e) by Gold Standard Carbon Credit created by Alize-Keltepe Wind Power Plant.(20.7 MW-Vintage 2009-471# VER credits)
RE1	60%	100%	Since July 2009, TSKB use green electricity for its all need. This green electricity is produced from renewable energy production plants of Bereket Energy whose portfolio is 100% electricity production from the renewable energy sources.

CC3.1f

Please explain (i) why you do not have a target; and (ii) forecast how your emissions will change over the next five years

CC3.2

Do you classify any of your existing goods and/or services as low carbon products or do they enable a third party to avoid GHG emissions?

Yes

CC3.2a

Please provide details of your products and/or services that you classify as low carbon products or that enable a third party to avoid GHG emissions

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
Group of products	TSKB supports its customers by offering sustainable products & services that provide low carbon & high efficient solutions. Renewable energy, energy efficiency (EE) and resource efficiency (RE) finance thematic loans are constituted as sustainability products. Despite challenging domestic & international circumstances in 2016, TSKB signed 6 new funding agreements with development finance institutions to strengthen its sustainable funding base which are European Investment Bank, German Development Bank, World Bank, French Development Agency & Council of Europe Development Bank. The share of sustainable finance loans have reached approximately 33% in renewable	Avoided emissions	Other: Finance Sector Products (Climate change tackling products especially for adaptation and mitigation investments)	23.76%	Less than or equal to 10%	

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
	<p>energy and approximately 8% for EE of the total loan portfolio as of 2016 year-end. For renewable energy finance, TSKB financed 211 projects varying from hydro to solar, wind, biomass and geothermal with a 5332 MW total installed capacity representing 15% of Turkey's total installed capacity. The total investment on projects funded between 2003 - 2016 was \$9B of which \$3.4B was committed by TSKB. For EE and RE projects that primarily aim to reduce consumption of energy, raw materials & generation of waste in industry. As of 2016, TSKB allocated \$750M to 122 EE & RE projects. Annual GHG emissions in Turkey were reduced by 13M tons by financing these sustainable products including renewable energy, EE & RE investments, which was enough to cover heating requirements of a city with a population of 2.4M. Moreover, TSKB issued its Green/Sustainable Bond which is the first issuance in Turkey & CEEMEA in 2016. TSKB has set an example in the industry in tackling climate change with this new product. The bond has a size of \$300M and a tenor of 5 years. In order to report renewable energy funding results based on carbon dioxide reduction and performance indicators, TSKB calculated Turkey's emission factor for its own internal use. Starting from 2009, this emission factor is required to calculate and report carbon reductions in renewable energy & EE investments. TSKB discloses publicly avoided GHG emissions of investments that are financed under its funds periodically and public on its website. To conclude, with its successful sustainable products & services, TSKB has been awarded by international platforms such as Euromoney, Financial Times, IFC, CDP, Global Capital & IFR.</p>					

CC3.3

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

Yes

CC3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	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*	6	723
Not to be implemented	0	0

CC3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
Low carbon energy purchase	In Turkey, electricity is supplied from mixed grid energy production lines. In order to reduce emission factor of the mixed grid, TSKB has financed renewable energy projects since 2005. Renewable energy portfolio of TSKB has begun to evolve into geothermal, solar, wind and biomass from hydroelectric plants. TSKB financed 211 projects varying from hydro to solar, wind, biomass and geothermal with a 5332 MW total installed capacity representing 15% of Turkey's total installed capacity. Bereket Energy is the one of these renewable energy investor clients of TSKB. Since July 2009, TSKB has been using green electricity from renewable energy power plants of Bereket Energy. For that matter, TSKB has reduced 537 ton CO2e of entire greenhouse gas emissions of 2016.	537	Scope 2 (market-based)	Voluntary	13700	0	<1 year	Ongoing	Unti top management decides another way, TSKB will continue to use green electricity.
Behavioral change	Delivering reports in soft-copy & using both sides of papers while printing since 2010.	5	Scope 3	Voluntary	5000	0	<1 year	Ongoing	
Energy	Integrating sensors to lightning	44	Scope 2	Voluntary	8000	5000	<1 year	Ongoing	

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
efficiency: Building services	system since 2010.		(market-based)						
Fugitive emissions reductions	Since 2012, refrigerants pipelines have been maintaining periodically to prevent any leakage from the lines.	106	Scope 1	Voluntary	2800	4600	<1 year	Ongoing	
Behavioral change	Internal reports have been delivered in soft copy format among employees since 2012.	1	Scope 3	Voluntary	0	0	<1 year	Ongoing	
Transportation: use	Since 2000, employees living on the Asian side of Istanbul, have been carried via water transportation instead of highway in route Uskudar - Kabatas. A ferry rented from a private company carries all the employees for this line which is a 4 km route. If these employees were carried on highway, the distance would be 10 km. Annually, the reduction in total distance travelled for employee transportation (which is about 51000 km) provides 30 ton CO2e saving.	30	Scope 3	Voluntary	27000	0	<1 year	Ongoing	

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Financial optimization calculations	<p>Semiannually, the activity data of identified emission sources is collected through work-flows. All related data has to be approved by manager of data-owner. GHG emissions from each source are determined by using Carbonmeter, which is a tool developed by TSKB & contains appropriate calculation methodologies. Distribution of emission sources are analyzed & determined emissions are ranked from large to small. Then, an investigation is conducted to find out appropriate ways to reduce emissions in next years. When a suitable solution is found, the monetary cost of implementation is calculated & discussed with the top management of the Bank. TSKB reports these realized reductions in GHG emissions together with all other environmental performance indicators performed by ISO 14001-14064 Working Group (SMS Team) every year. Since 2011, TSKB has been voluntarily publishing its "GHG Inventory" which consists the results (of Carbonmeter) and targets for reporting year and a comparison to previous year's results. It involves deviations identified & appropriate countermeasures, if needed. This document is submitted to ISO 14001&14064 Working Group Responsible who directly reports to Sustainability Sub-Committee & Sustainability Committee of TSKB and then it is published every year. At the end of each year, ISO 14001&14064 Working Group's Responsible presents the GHG Inventory, environmental activities of SMS team and all the potential GHG reduction strategies to the top management. After approval of reduction strategies for the next year, SMS Team plans & organizes its projects with specific targets and time schedule. Finally, after the implementation of approved projects, new performance data are measured being compared to previous year's data in order to make sure of emission reduction targets are achieved. All these steps about data management and calculation methodology for GHG Inventory have been defined by a procedure which is integrated with Sustainability Management System. On 14th of September 2012, this procedure was published as "P-7: Greenhouse Gas Emissions" together with the first "GHG Inventory" verified by a third party. The sixth inventory was published for 2016 and verified on 31st of March 2016. The final version of the procedure and "TSKB GHG Inventory" for the reporting year are attached below.</p>

CC3.3d

If you do not have any emissions reduction initiatives, please explain why not

Further Information

Attachments

https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC3.TargetsandInitiatives/3.1d_Bereket Energy Official Letter to TSKB.pdf

[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC3.TargetsandInitiatives/3.3c_P7_Greenhouse Gas Emissions.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC3.TargetsandInitiatives/3.3c_P7_Greenhouse%20Gas%20Emissions.pdf)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC3.TargetsandInitiatives/3.3c_P7.R1.2015 Greenhouse Gas Emissions Inventory_2016.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC3.TargetsandInitiatives/3.3c_P7.R1.2015%20Greenhouse%20Gas%20Emissions%20Inventory_2016.pdf)
[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC3.TargetsandInitiatives/3.1a_Science-Based-Targets-Call-to-Action-Commitment-Letter.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC3.TargetsandInitiatives/3.1a_Science-Based-Targets-Call-to-Action-Commitment-Letter.pdf)

Page: CC4. Communication

CC4.1

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	Status	Page/Section reference	Attach the document	Comment
In voluntary communications	Complete	4-6 & 13-19	https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/CC4.1/4.1_p7.r1.2015_TSKB_GHG_Inventory_2016.pdf	
In mainstream reports (including an integrated report) but have not used the CDSB Framework	Complete	12-17 & 43-47	https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/CC4.1/4.1_TSKB_Annual_Report_2016.PDF	
In voluntary communications	Complete	1-122	https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/CC4.1/4.1_TSKB_Integrated_Report_2016.pdf	This report covers all performance indicators of a GRI-approved sustainability report. From now on, TSKB will be publishing "Integrated Report" which consists the sustainability report as well.

Further Information

Module: Risks and Opportunities

Page: CC5. Climate Change Risks

CC5.1

Have you identified any inherent climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

CC5.1a

Please describe your inherent risks that are driven by changes in regulation

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Cap and trade schemes	After the publication of the regulation concerning measurement, verification and reporting of GHG	Increased operational cost	3 to 6 years	Indirect (Client)	More likely than not	Medium	In case some of TSKB's customers are not well prepared for the changes in regulation, and	In the last five years, TSKB did not finance any greenfield or significant capacity increase investments of	The cost of loan monitoring actions consists of labour costs and traveling costs. The ERET activities cause

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>Emissions for some of the energy intense sectors in Turkey in 2011, in 2014 GHG Monitoring Legislation has been published which mandates energy-intensive industries to prepare measurement reports to be submitted to the Ministry of Environment and Urbanization, starting from 2016. Even though it is not yet ratified by the parliament, Republic of Turkey signed the Paris Climate Change Agreement on 22nd of April 2016. Parallel to the content of the Paris Agreement, emission trading systems and carbon tax issues have been widely</p>						<p>not take into account all the cost increase anticipations, customers may face risk of not achieving desired and planned levels of profitability and hence risk of repaying their loan amounts. Almost 30% of TSKB's loan portfolio is composed of energy-intensive sectors such as non-renewable energy, construction, logistics, etc. As an investment and development bank, which does not take deposits, TSKB's non-performing loan (NPL) ratio is 0.3% whereas the banking sector average in Turkey is</p>	<p>high carbon emitting industry projects (like coal fired thermal plants). For other energy-intensive sectors, in order to take into account, the impacts of climate-change and climate-change related costs & regulations, TSKB has an in-house technical specialist team, focusing on the potential risks of climate change to the energy-intensive sectors and specifically for the projects that are at the appraisal stage at TSKB. Every project is analysed in terms of its environmental and social impacts in detail (via Environmental</p>	<p>additional workload during the lending operations of the investment projects. The costs consist mainly of labour cost which occurs during inspections. Also TSKB builds inner capacity and attends conferences held by Ministry of Environment and Urbanization on PMR (Partnership for Market Readiness Programme) conducted with World Bank. The total annual cost estimation of all above mentioned activities would be \$45K.</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>in discussion in the last years by the Ministry of Environment and Urbanization and other relevant authorities in Turkey. Thus, next step is expected to be a regulation concerning the cap and trade system and/or taxation for the carbon. Due to the potential increase in the operational and/ or investment costs for managing, reporting and verifying the GHG emissions, and also carbon emission management and/or reduction activities, energy-intensive clients of TSKB may be faced with difficulties in generating profit and hence their</p>						<p>3.2%. Although it is quite difficult to quantify the effects, an increase in TSKB's NPL ratio is certainly expected. A relevant cost as high as \$2M could be expected.</p>	<p>Risk Evaluation Tool – ERET), taking into consideration both the current and future aspects and financial and legal liabilities, independent of the investment amounts. According to the results of the evaluation and risk categorization, TSKB formulates a plan with the customer to monitor the environmental impact and mitigate. Loan monitoring is performed after the credit is approved.</p>	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	loan repayments in the future, increasing TSKB's credit risk.								
International agreements	<p>Before COP21, Turkey submitted its Intended Nationally Determined Contributions (INDC) on 30 September 2015 in order to declare its emission reduction strategy.</p> <p>According to the Paris agreement that was signed by 195 countries including Turkey, all countries committed to realize their INDC's and report their progress in every 5 years. Other than this, Turkey has an objective to be a member of European Union and this</p>	Reduction in capital availability	3 to 6 years	Indirect (Client)	About as likely as not	Low-medium	<p>In case of some customers of TSKB would not be well prepared for the changes in regulation, and would not take into account all the cost increase in their future plans, they would face risk of not achieving desired and planned levels of profitability and hence risk of repaying their loan amounts. Almost 30% of TSKB's loan portfolio is composed of energy-intense sectors such as non-renewable energy, construction,</p>	<p>In order to take into account, the impact of climate-change related costs & regulations, TSKB has an in-house technical specialist team, focusing on the potential risks of climate change to the energy-intense sectors and specifically for the projects that are at the appraisal stage at TSKB. Every project is analysed in terms of its environmental and social impact in detail (via Environmental Risk Evaluation Tool – ERET), taking into consideration</p>	<p>The cost of loan monitoring activities consists of labor costs and travel costs. The ERET activities cause additional workload during the lending operations of the investment projects. Additionally, four people from TSKB attended to the COP22 in Marrakesh in 2016. In Marrakesh, TSKB attended six different panel discussions as speaker and gave information about significance of sustainability investments,</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>objective requires new regulations for Turkey. Therefore, new environmental regulations have been introduced in line with European Union Norms. In order to achieve its objectives, Turkey will have to adopt these new regulations and also make new laws regarding to the control of SOx/NOx emissions in stricter limits towards the minimization of its impact on climate, or else. These new regulations may force energy intense companies to launch new investments to comply with these regulations. Furthermore,</p>						<p>logistics, etc. As an investment and development bank, which does not take deposits, TSKB's non-performing loan (NPL) ratio is 0.3% whereas the banking sector average in Turkey is 3.2%. Although it is quite difficult to quantify the effects, TSKB certainly expects an increase in its NPL ratio. A relevant cost as high as \$2M could be expected.</p>	<p>both the current and future aspects and financial and legal liabilities, independent of the investment amounts. According to the results of the evaluation and risk categorization, TSKB formulates a plan with the customer to monitor the environmental impact and mitigate. Moreover, loan monitoring is performed after the credit is approved. If any disruptions occur in repayments, TSKB will recover the related amount from warranty letter or mortgaged assets. TSKB have been managing this process for 66</p>	<p>financing renewable energy and climate change investments, negative effects of climate change and green bonds. Very rough annual cost estimation for all these activities would be around \$55K.</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	these companies may have to shut down their stranded assets, which could not meet the legal requirements and generate their expected economic returns anymore due to new regulations. As a result, this may affect the cash flow of TSKB's customers and their repayments to TSKB, increasing also TSKB's business risk.							years via its experienced team. TSKB attends to the related international meetings (i.e. COP22) that could contribute to its strategy.	
Renewable energy regulation	The Turkish Government has been supporting the renewable energy investments financially via regulations since 2005. According to the related regulation, there is a purchasing guarantee per	Reduced demand for goods/services	3 to 6 years	Indirect (Client)	More likely than not	Medium-high	Renewable energy loans attained a weight of 30.4% within the total loan portfolio of TSKB, through an installed capacity of 5332 MW. Therefore, reduction in the renewable energy	Turkey has become one of the fastest growing energy markets in the world with its growing economy and its electricity demand has been increasing continuously. According to TSKB's	TSKB follows recent developments in renewable energy sector and participates in various relevant events. In 2016, TSKB took place in IICEC-TUSIAD "World Energy and Climate

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>kWh electricity generation from a defined price for the first ten years of their operation for the power plants that have come into operation before the end of 2020. The government will decide on the incentives that will be given to power plants that come into operation after 31 December 2020. This support mechanism prompts investors to invest in renewable energy investments. In case this support mechanism is not continued or incentive fees are reduced after 2020, renewable energy investments may decrease. This situation may also lead to a</p>						<p>investments may be expected to influence TSKB's business negatively and cause a reasonable decrease in incomes that can be estimated as \$10M.</p>	<p>projections, electricity demand growth trend of Turkey will continue in the future thus renewable energy will become more important for Turkey to meet the demand. In this perspective, TSKB emphasizes the significant role of renewable energy investments in every platform that it takes place. TSKB takes additional steps to support the energy sector through the provision of thematic renewable energy funds of multilateral development finance institutions and also by issuing green bonds.</p>	<p>Outlook After Paris Climate Change Conference", 7th Energy Efficiency Forum and Summit Business Council for Sustainable Development Turkey (SKD), 3th İstanbul Carbon Summit, COP22 etc. The cost of attending events like seminars, workshops etc. including governmental organizations consists of labor costs and travel costs. The estimated annual cost of these activities would be around \$50K. The total cost of new renewable energy theme development efforts and green bond issuance and reporting efforts is around</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	decrease in demand for TSKB's renewable energy finance products as well.								\$100K per year.

CC5.1b

Please describe your inherent risks that are driven by changes in physical climate parameters

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Change in precipitation extremes and droughts	Water scarcity is considered as one of the most significant risks in the world according to the Global Risk Report prepared for World Economic Forum and also according to Turkey's water risk report prepared by World Wide Fund for Nature (WWF). Studies show that Turkey will confront	Increased operational cost	>6 years	Indirect (Client)	More likely than not	Low-medium	This potential risk would affect TSKB, due to the potential disruption in such companies' loan repayments. Considering that water intense sectors constitute	TSKB believes that sustainability of fresh water is a global issue and has a very critical role for sustainability of life and economy. Believing in the important role played by efforts in energy and resource efficiency in tackling climate	TSKB has experienced engineering and marketing teams in order to finance the best resource efficiency investments and contribute to the investment by providing consultancy to the customers. TSKB increases

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>with serious problems regarding water scarcity by 2050. The precipitation in the Mediterranean reservoir has decreased by 20% during last 25 years. Water supply problem is not only related with precipitation but also related with social, economic and ecological factors. Water scarcity would affect human, environment and business world and this would also cause economic, social, governmental and political problems. Especially water intense industries would be affected negatively and there would be challenging competition between the companies that try to obtain the required amount of water. In that regard, obtaining the water in good condition would become tougher and</p>						<p>24.7% of the loan portfolio of TSKB, this portion of the loan portfolio may be effected negatively and TSKB's income may decrease.</p>	<p>change, TSKB has been supporting the energy/resource efficiency projects of many enterprises that manufacture in an array of industries, with medium and long term loans. In that regard, TSKB finances resource efficiency projects including water efficiency in accordance with its "Sustainability Policy". Up to now, 47 resource efficiency projects have been financed by TSKB with \$300M. The engineering team of TSKB assesses all projects specifically and calculates gains from resource savings. As of 2016, 367.580m3</p>	<p>the water awareness by visiting customers and informing them about resource efficiency including water supply by verbal communication and giving booklets. Annual cost for such activities would be around \$30K.</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>in some regions may be impossible and the value and price of the water would be considerably high. This may cause companies in water intense industries to reduce their capacity or even close down their businesses. Almost all of TSKB's customers use water in their processes thus problems related with water scarcity for sure will have its effect on their cash flows. Furthermore, other industries would experience spillover effects and consequently making new investments would be harder. As a result, TSKB would be negatively affected because of the investment limitation in the industries and difficulties of repayments of effected customers.</p>							<p>of water savings have been realized annually by financing resource efficiency investments from various industries like cement, steel, tourism, chemical, automotive, plastics, textile etc. TSKB is audited and certified according to ISO 14001 standard and related with this standard's management system and in accordance to its sustainability strategy; TSKB defines goals on water consumption reduction. In this scope, TSKB decreased water consumption decreased 49% between 2005-2016. TSKB also shares its vision and expert</p>	

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								opinions for legal issues related with water consumption via NGOs and attends to the panels, summits etc. related with water.	
Change in mean (average) temperature	The gradual increase in the average global temperature can cause significant cost increases due to TSKB's office heating and cooling systems.	Increased operational cost	Up to 1 year	Direct	Likely	Low	In such a case, a predicted 20% increase in the electricity consumption would increase the operation costs by \$20K	The business world bears tremendous responsibilities for ensuring that the growth and development that it brings today do not threaten the lives and resources of future generations. Through the trail-blazing sustainability practices that TSKB has integrated into all of its own banking service processes. TSKB also does the required energy efficiency investments for its own buildings,	Every year maintenance team of TSKB and outsourced maintenance companies, perform periodic maintenances and improvement activities in accordance with the annual schedule. In 2016, such activities costed \$220K.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								when required. In order to decrease the greenhouse gas emissions, TSKB supplies its electricity from a distribution company which uses renewable energy. Therefore, TSKB uses 100% green energy in all its offices.	
Change in temperature extremes	Climate change has the potential to alter weather patterns and precipitation extremes such as storms, hurricanes, typhoons, heavy rains, droughts, etc. The risk of mean weather alteration could affect the working principles of renewable (wind, solar and hydro) energy power plants. For example, hurricanes/typhoons could prevent wind power plants to function due to high wind speed. Or	Reduced demand for goods/services	3 to 6 years	Indirect (Client)	More likely than not	Medium	Renewable energy investments play a crucial role in TSKB's credit portfolio. The defined risks could discourage investors to invest in renewable energy resources. Other than this, the current renewable energy plants, financed by	In order to take into account, the impacts of climate-change and climate-change related costs & regulations, TSKB has an in-house technical specialist team, focusing on the potential risks of climate change to energy and energy-intense sectors and specifically for the projects that are at the appraisal stage	The cost of loan monitoring activities consists of labor costs and travel costs. The ERET activities cause additional workload during the lending operations of the investment projects. In 2016, four employees from TSKB attended to COP22 in Marrakesh where they also attended six different panel

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>changes in precipitation patterns can affect the clients mostly the farmers and hydro power plant owners. Solar power plants wouldn't function properly at extremely high temperatures. In conclusion, global warming could negatively affect the electricity generation in renewable energy power plants. In such ways that the operating/owning companies would not be able to repay loans.</p>						<p>TSKB, could not produce projected electricity to compensate loan payments. Currently, the ratio of renewable energy investments to total portfolio is 30.4% (amounting to \$1.7B) so the magnitude of the impact would be considerably high.</p>	<p>at TSKB. Every project is analysed in terms of its environmental and social impacts in detail (via Environmental Risk Evaluation Tool – ERET), taking into consideration both the current and future aspects and financial and legal liabilities, independent of the investment amounts. According to the results of the evaluation and risk categorization, TSKB formulates a plan with the customer to monitor the environmental impact and mitigate. Loan monitoring is performed after the credit is approved. If any</p>	<p>discussions as panellists and gave information about significance of sustainability investments, financing renewable energy and climate change investments, negative effects of climate change and green bonds. Annual cost estimation for above mentioned activities would be around \$55K.</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								<p>disruptions occur in repayments, TSKB will recover the related amount from warranty letter or mortgaged assets. TSKB have been managing this process for 66 years via its experienced team. Furthermore, TSKB attends to related international organizations (i.e. COP22) that could contribute to its strategy.</p>	

CC5.1c

Please describe your inherent risks that are driven by changes in other climate-related developments

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
-------------	-------------	------------------	-----------	---------------------	------------	------------------------	--	----------------------	-----------------------

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Reputation	Having a mission of being the pioneering bank in Turkey's sustainable development, failure to address climate change issues in strategies, daily businesses or poor disclosure of environmental and social management and climate change management methodology may impose a risk on TSKB's reputation in this manner. As a result, our stakeholders may lose interest on TSKB, which may lead to a decrease in the demand of TSKB's services and also on its stocks.	Reduced demand for goods/services	3 to 6 years	Direct	About as likely as not	Medium-high	In case this risk is realized, as a result of the lost investor, customer, supranational financial institutions, NGO's, etc. confidence in TSKB, the estimated financial implications could be loss of incomes. TSKB is a non-deposit taking institution so that all the external financial resources mostly rely on loans from multilateral development finance institutions and issued bonds. In 2016 TSKB has secured \$733M from these institutions and \$300M from Green Bond. In case of such a risk this amount may decrease in the next few	Every safeguard issue (climate change, environmental and social (e&s) issues, governance, etc.) which can adversely affect TSKB's reputation is considered in the Bank's daily business. Sustainability Management System enables significant issues to be discussed with senior managers, including board members. All projects are analysed in terms of their e&s impacts by engineering department during credit evaluation processes. According to results, TSKB seeks for solutions with investors to manage investments' risks. The financing is	The major cost driver is employee cost for these activities. The other important cost item includes, collection of sustainability and climate change related data, public disclosure of this information and third party verification and assurance of the performance indicators. All internal KPIs regarding to environmental and social issues, including GHG emissions are verified in accordance with the ISO 14001 and ISO 14064 certifications annually. Costs also include external stakeholder and employee engagement

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
							years.	only possible if TSKB is sure that investor has implemented necessary e&s control and management measures. TSKB also has the right to drop the credit, withdraw the previous disbursed amount due to projects' e&s adverse impacts. In order to inform stakeholders about its activities, TSKB publishes annual financial report, sustainability report and UN Global Compact Communication on progress report. In 2017, TSKB published the first Integrated Report of Turkish finance sector which is a combination of annual financial report and sustainability report. It highlights the values TSKB creates for the	domestic and global memberships and signatories, e.g. TUSIAD, UNEP FI, Global Compact and others. These costs equate to approximately \$200K annually.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								society and stakeholders in every aspect and TSKB's strategy to improve these values. Besides, TSKB developed and published Declaration of Climate Change to express its position regarding climate change in 2016. Every multilateral development bank has its own e&s requirements which TSKB has to fulfil and TSKB has arranged its SMS accordingly.	

CC5.1d

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1e

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1f

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Page: CC6. Climate Change Opportunities

CC6.1

Have you identified any inherent climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Opportunities driven by changes in regulation

Opportunities driven by changes in physical climate parameters

Opportunities driven by changes in other climate-related developments

CC6.1a

Please describe your inherent opportunities that are driven by changes in regulation

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Cap and trade schemes	<p>After the publication of the regulation concerning measurement, verification and reporting of GHG Emissions for some of the energy intense sectors in Turkey in 2011, in 2014 GHG Monitoring Legislation has been published which mandates energy-intense industries to prepare measurement reports to be submitted to the Ministry of Environment and Urbanization, starting from 2016. Republic of Turkey signed the Paris Climate Change</p>	Increased demand for existing products/services	3 to 6 years	Indirect (Client)	More likely than not	Medium	<p>Because of the potential cap and trade system, the demand for TSKB's products in energy-efficiency or renewable energy investments may increase. More than 50% of TSKB's loan portfolio consists of sustainable investments including energy-efficiency and renewable energy projects. TSKB achieves this with the thematic funds it secures from multilateral development finance institutions and also green financial instruments</p>	<p>TSKB has been financing renewable energy and energy-efficiency projects since mid-2000s, making it one of the leaders in this area. It has committed more than \$3.4B to renewable energy and energy efficiency projects so far. These projects are also financed by TSKB's Green/SRI Bond. Additionally, TSKB's sustainability committee members follow closely the development in Turkey regarding the carbon market activities and</p>	<p>TSKB has a broad experience on renewable energy and energy efficiency projects financing. Still the engineering and technical consultancy team, which is responsible for the technical evaluation of the projects, need to closely follow up the improvements in the technology. This strong internal expertise is also one of the key strengths of the Bank in terms of issuance of Green/SRI Bond. The cost of inner capacity development, including</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>Agreement on 22nd of April 2016. Parallel to the content of the Paris Agreement, emission trading systems and carbon tax issues have been widely in discussion in the last years by the Ministry of Environment and Urbanization and other relevant authorities in Turkey. Thus, next step is expected to be a regulation concerning the cap and trade system and/or taxation for the carbon. Companies in energy-intense sectors will have to invest in emission reduction or energy-</p>						<p>like SRI / green bonds it issues. Together with these instruments, TSKB may expect about \$50-75M per year of additional financing opportunities to satisfy the above-mentioned increased demand.</p>	<p>preparations.</p>	<p>research, attending conferences and trainings amounts up to \$100K per year.</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	efficiency practices to comply with the regulations. Also, a potential cap and trade market may increase the investment appetite of renewable energy investors. The both cases are expected to increase the demand for TSKB's products for financing of these potential investments.								
International agreements	Due to the goal of limiting global warming to 1.5-2 degrees Celsius, it is expected that the number of emission reduction projects will increase.	Increased demand for existing products/services	1 to 3 years	Indirect (Client)	Likely	Medium	In the context of COP21 and COP22, it is expected that the number of resource and energy efficiency and renewable energy investments would increase	TSKB supports sustainable investments for a sustainable future and has renewable energy portfolio of the 15% of total renewable	TSKB has corporate marketing, project finance, engineering and technical consultancy, economic research, loans and loan monitoring

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>TSKB also expects an increase in such projects' finance, including resource efficiency, energy efficiency and renewable energy projects. According to Turkey's declared INDC, Turkey plans to increase its solar power plant capacity to 10 GW, and wind power plant capacity to 16 GW till 2030. These plans indicate a potential increase also in TSKB's business volume especially in renewable energy sector with the support of the</p>						<p>and for 2017 TSKB projects to finance such investments amounting to approximately \$420M. In the following years, TSKB also expects an increase in the industry's awareness on these topics and the number of these kinds of investments would boom in order to approach to the target mentioned in Turkey's INDC. Additionally, TSKB has issued first ever green bonds out of Turkey, amounting to \$300M, containing a considerable portion of</p>	<p>energy of Turkey. TSKB's experienced engineering team studies renewable energy industry regularly which enables TSKB to have a high capability of assessing the renewable energy, energy efficiency and resource efficiency projects and also to perform a detailed environmental and social risk evaluation. So far, \$3.4B financing has been provided to such projects, offsetting of CO2 emissions equivalent to the carbon footprint of 228.000</p>	<p>departments working on climate change issues. These activities are built in the daily business of the staff in these departments. Performing such activities and internal capacity building activities can be roughly calculated as \$350K per year.</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	legislations.						renewable energy investments in 2016. In 2017, TSKB enhances its sustainable credentials by issuing the first Sustainable Basel 3 Compliant Subordinated Tier 2 Bond in the global international market.	people. Other than the engineering team, TSKB also has a dedicated marketing team for solar, wind and geothermal projects. "New Theme development team" develops special theme loans with supranational finance institutions. This experience will be the key issue in focusing on the right projects in terms of financial and technical aspects.	
Voluntary agreements	TSKB is the first company in Turkish finance industry with	Reduced operational costs	Up to 1 year	Direct	Very likely	Medium	TSKB sets numerical improvement targets regarding to	TSKB has a well-structured Sustainability Management System (SMS)	ISO Working Group members are responsible for managing

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>an environmental management system. TSKB has implemented ISO 14001 and ISO 14064 standards which enables to identify and control environmental and social impacts and especially constantly improve environmental performance through more efficient use of resources and reduction of waste. This helps TSKB to gain a competitive advantage in the market and also trust of its stakeholders, including investors and several international financial</p>						<p>internal environmental impacts. One of them was reducing GHG emissions by 2.5% annually until the end of 2016 in comparison to 2012 levels. This target has been achieved and overreached by 7% as of 2016. Regarding to this target, electricity cost avoidance is approximately \$10K for the reporting year. TSKB has set a new target of reducing its average GHG emissions at least 10% below of the average consumption value of the last 5 years till the end of 2021. Besides,</p>	<p>in which tasks and roles are defined clearly and distributed across different departments. The system has been certified with ISO 14001 standard since 2007. GHG emissions have been calculating, verifying and offsetting in accordance with ISO 14064 since 2012. TSKB purchases Gold Standard Carbon Certificates to offset its GHG emissions. The SMS is managed by the Sustainability Committee who consists of 2 board members and 2 executive</p>	<p>these voluntary agreements. These full time employees cost, third party consultants cost and the green power cost for offsetting GHG emissions constitute the management cost of this activity. It is approximately \$20K as of 2016.</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	institutions.						TSKB consumes 36% less electricity, 45% less natural gas, 46% less paper and 49% less paper today since the management system first developed.	vice presidents. The Sustainability Sub-Committee and its 4 working group (WG) assist the Sustainability Committee in achieving its targets. Especially, "ISO Working Group" dedicated to work for renewal of these ISO certifications and following up targets. For both ISO 14001 and ISO 14064 certifications, TSKB works with accredited third party consultants.	
Renewable energy regulation	Turkish government policies about renewable	Increased demand for existing products/services	1 to 3 years	Indirect (Client)	Very likely	Medium-high	Renewable energy is a crucial part of climate	TSKB was the first bank in Turkey to grant a loan	TSKB has Development Finance Institutions,

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>energy sector have been changing fast over the last few years and the Turkish government strongly supports the renewable energy investments in order to fulfil the electricity demand and maintain its own energy security. Additionally, feed-in incentive tariff will be valid until 2020. This situation prompts the renewable energy investments in the next couple of years until 2020. In near future, new promoting regulations and support mechanisms may come in</p>						<p>change mitigation. Renewable energy investments have increased in the recent years with the decreasing cost of technology and established legislative promoting mechanism. TSKB's renewable energy loans attained a weight of 30.4% within the total loan portfolio. In the future, regulatory incentives or any other supports and new technological developments may boost the renewable energy investments</p>	<p>linked to environmental protection and industrial pollution control. TSKB has started intensive renewable energy financing in mid 2000s. TSKB supports sustainable development of Turkey through an installed capacity of 5332 MW in renewable energy projects which TSKB has funded, the acceleration of transition to a low-carbon economy through the prevention of 13M tons carbon emission on an annual basis. Within</p>	<p>Engineering and Technical Consultancy, Corporate Marketing, Project Finance Departments in order to manage the activities like finding international funds, developing customer relations and analyzing the investments for renewable energy. On behalf of TSKB, all of these departments have a vision of assessing, implementing and financing sustainable energy investments. As having built in their daily business definitions, approximately</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	<p>force in order to encourage the investors. As a result, the demand for TSKB's renewable energy financing products is expected to increase.</p>						<p>which will contribute to TSKB's financial strength.</p>	<p>this scope, TSKB provides international funds, most of which are aimed to use climate friendly investments in order to mitigate and adapt global climate change. These funds are developed with the coordination of development finance institutions department. TSKB's experienced corporate marketing, project finance and engineering team studies renewable energy industry regularly which enables TSKB to have a high capability of developing</p>	<p>\$450K can be considered as the cost to manage all of these activities including inner capacity development, trainings and market research.</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								and assessing the renewable energy projects.	

CC6.1b

Please describe your inherent opportunities that are driven by changes in physical climate parameters

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Change in precipitation extremes and droughts	According to the water risk report of Turkey prepared by WWF, Turkey will confront with serious problems regarding water scarcity by 2050. Some regions of Turkey are already faced with drought and water shortages due to the temperature increase.	Increased demand for existing products/services	1 to 3 years	Indirect (Client)	Very likely	High	Resource efficiency investments are expected to gain more importance in the near future and TSKB has financed water efficiency projects amounting to a total of \$73.5M investment so far. On the other hand, TSKB set a target of financing 5 new water efficiency projects along	TSKB targets to finance water efficiency projects in order to protect the natural resources. Especially technical team of TSKB specifically studies on these projects. Also employees from various departments attend to water efficiency trainings, panels	TSKB's engineering team studies water scarcity issue. Marketing team seeks for water efficiency projects to finance such investments. The estimated cost of market and technical research, allocated working hours is approximately \$30K.

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Therefore, number of investments which are related to decrease the water consumption and desalination are expected to increase. TSKB considers this as an opportunity that involves financing these new investments, increasing number of clients and developing new products for tackling climate change.						with 10 new energy and/or resource efficiency projects in 2015 – 2016 period. TSKB has achieved this target successfully as of 2016. \$29.5M amount of resource efficiency target is set for 2017.	and submits related to water issues.	

CC6.1c

Please describe your inherent opportunities that are driven by changes in other climate-related developments

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Reputation	<p>TSKB has been proceeding its activities with mission of being the pioneering bank in sustainability growth of Turkey and also climate chance issues. This adopted manner has provided opportunity to access as well as secure climate specific loans, which comprise the 57% of the Bank's overall portfolio as of 2016. These loans are developed to tackle climate change through mitigation and adaptation investments. There are many things to do to support transition to a low-carbon economy, and enlarge the</p>	Increased demand for existing products/services	1 to 3 years	Direct	Very likely	High	<p>TSKB has a wide range of sustainable products; renewable energy, energy efficiency, resource efficiency finance etc. The collaboration with stakeholders enables TSKB to access both climate specific loans & investors in its long-term competitive success. TSKB is expecting to increase the number & size amount of the sustainability thematic loans. For this issue, TSKB has signed loan agreements with total of \$733M loan amounts to finance particular sustainable investments. Another KPI is the share of loans with a sustainability theme in the overall loan portfolio. It was reached to</p>	<p>TSKB has a well-structured Sustainability Management System (SMS) in which tasks and roles are defined clearly and distributed across different departments. The SMS is managed by the Sustainability Committee consisting of 2 board members and 2 executive vice presidents. The Sustainability Sub-Committee and its 4 working group (WG) assist the Sustainability Committee in achieving its targets. Especially, "The New Theme</p>	<p>All members of SMS play an important role in the management of SMS's activities. The System members, around 30 employees, create and/or support the basic management cost. It is approximately \$150K as of 2016. The new Bond side, we have two kinds of costs. One of them arises from the internal works, including man-hours of various department's staffs. The other stems from the external works, including third party consultant</p>

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	green markets of Turkey. In this way, TSKB is a partner of its stakeholders, including investors, International Financial Institutions, policy makers, NGOs, etc. In this manner, TSKB has gained reputation and the opportunity that enables TSKB to access more, environmentally responsible and also long-term stakeholders in business.						57% as of 2016 year-end. TSKB also expects to receive higher demands for its other green products. Accordingly, TSKB had a great success in the lately developed green product, Green/Sustainable Bond, was oversubscribed 13 times in 2016. In 2017, TSKB enhances its sustainable credentials by issuing the first Sustainable Basel 3 Compliant Subordinated Tier 2 Bond in the global international market.	Development Group" dedicated to work for development of new themes. The developed know-how on sustainability issues, built technical capacity in assessments of climate related benefits of the investments and environmental and social impact assessment capability help the institution to construct new thematic loans. For Green / Sustainable Bond, Sustainability Committee supported bond issuing departments in development phase of the	costs. A consultant took part in the process to provide a second party opinion for the review of the scope of the bond. The overall bond cost is \$70K for 2016.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
								concept, use of proceeds, and eligibility criterias of the Bond. This bond issuance is awarded with International Financing Review IFR 2016 "RI Bond of the Year" and Global Capital" EMEA Green/SRI Bond Deal of the Year" Award.	

CC6.1d

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1e

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1f

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: CC7. Emissions Methodology

CC7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Scope	Base year	Base year emissions (metric tonnes CO2e)
Scope 1	Sun 01 Jan 2012 - Mon 31 Dec 2012	600
Scope 2 (location-based)	Sun 01 Jan 2012 - Mon 31 Dec 2012	0
Scope 2 (market-based)	Sun 01 Jan 2012 - Mon 31 Dec	0

Scope	Base year	Base year emissions (metric tonnes CO2e)
	2012	

CC7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
Defra Voluntary Reporting Guidelines
IPCC Guidelines for National Greenhouse Gas Inventories, 2006
ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
US EPA Climate Leaders: Direct HFC and PFC Emissions from Use of Refrigeration and Air Conditioning Equipment
Other

CC7.2a

If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

IPCC Fifth Assessment Report (AR5 – 100 year)

CC7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Fifth Assessment Report (AR5 - 100 year)
CH4	IPCC Fifth Assessment Report (AR5 - 100 year)
N2O	IPCC Fifth Assessment Report (AR5 - 100 year)
HFCs	Other: ASHRAE Standard 34 (for refrigerant blends)
HFCs	IPCC Fifth Assessment Report (AR5 - 100 year)

CC7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/Energy	Emission Factor	Unit	Reference
Other: Please see the attached table for emission sources with activity data		Other: Please see the attached table below. All units of emission factors are given in this table.	Please see the attached table below. All references are given in the Parts 7.2 and 7.3.

Further Information

The emission factors that have been used in the TSKB greenhouse gas emission calculations are given in the document attached below. "AD-Unit" in the attached table represents the unit of activity data.

Attachments

Page: CC8. Emissions Data - (1 Jan 2016 - 31 Dec 2016)

CC8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

CC8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO₂e

391

CC8.3

Please describe your approach to reporting Scope 2 emissions

Scope 2, location-based	Scope 2, market-based	Comment
We are not reporting a Scope 2, location-based figure	We are reporting a Scope 2, market-based figure	

CC8.3a

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

Scope 2, location-based	Scope 2, market-based (if applicable)	Comment
0	0	TSKB supplies electricity from renewable energy power plants of Bereket Energy. Therefore, TSKB does not have any indirect emissions to report under Scope-2 since July 2009. The official document taken from Bereket Energy is attached in the Further section below.

CC8.4

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

Yes

CC8.4a

Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

Source	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
Water stations using	Emissions are relevant and calculated, but not	Emissions are not relevant	Emissions are not relevant	Since emissions from fugitive gas of HFC- 134A used in water stations are less than 1 % of the total GHG emissions of TSKB, it has been decided that the

Source	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
HFC-134a	disclosed			HFC-134A contribution to total GHG emissions has been considered as an additional uncertainty of Scope-1 (0.428%)
TSKB Sariyer Forest	No emissions from this source	Emissions are not relevant	Emissions are not relevant	TSKB has a forest in Sariyer, Istanbul. It has not been included in the disclosure. It is believed that the future addition of this sink, does not significantly change TSKB's footprint.

CC8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 2% but less than or equal to 5%	Assumptions Extrapolation Metering/ Measurement Constraints	The Scope-1 uncertainty is determined as 3.94% which is caused by: - Natural gas (6.02%) - Company cars (5.94%) - Generators (0%) - Fire extinguishers (1%) Uncertainties are derived from the activity data and emission factors. Therefore, the combined uncertainties of emissions are taken into consideration in this inventory. Uncertainties due to activity data are determined according to the calibration range of natural gas counter, fuel pump flow range for company cars and assumption on the amount of yearly leakage from fire extinguishers. On the other hand, uncertainties in emission factors are calculated by using their upper and lower values published by IPCC. Generator uncertainty is zero because no fuel for generators was consumed for this reporting year. Since the coolants used at water stations (HFC-134A) have been omitted from the Bank's disclosure, the contribution of HFC-134A to total emission has been considered as an additional uncertainty (0.408%) of Scope-1.
Scope 2 (location-)	Less than or equal to 2%	No Sources of Uncertainty	TSKB has been supplying green electricity from Bereket Energy. Bereket Energy is established in 1995 in order to produce electricity from renewable energy sources. The energy portfolio of Bereket

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
based)			Energy consists of carbon free hydroelectric resources which are Bereket 1-2, Dalaman 1-2-3-4-5, Feslek, Gökyar, Mentaş, Koyulhisar, Toros, Göktaş Hydroelectric Power Plants. Since July 2009, TSKB has been using green electricity from these hydroelectric power plants of Bereket Energy. Therefore, TSKB does not have any greenhouse gas emissions caused by electricity consumption and uncertainties due to Scope 2 (location-based) emissions are considered to be 0.
Scope 2 (market-based)	Less than or equal to 2%	No Sources of Uncertainty	TSKB has been supplying green electricity from Bereket Energy. Bereket Energy is established in 1995 in order to produce electricity from renewable energy sources. The energy portfolio of Bereket Energy consists of carbon free hydroelectric resources which are Bereket 1-2, Dalaman 1-2-3-4-5, Feslek, Gökyar, Mentaş, Koyulhisar, Toros, Göktaş Hydroelectric Power Plants. Since July 2009, TSKB has been using green electricity from these hydroelectric power plants of Bereket Energy. Therefore, TSKB does not have any greenhouse gas emissions caused by electricity consumption and uncertainties due to Scope 2 (location-based) emissions are considered to be 0.

CC8.6

Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Third party verification or assurance process in place

CC8.6a

Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Annual process	Complete	Reasonable assurance	https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/CC8.6a/8.6a_8.7a_TSKB ISO 14064 Certificate_Scope1-2.pdf	1/3	ISO14064-3	100

CC8.6b

Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emission Monitoring Systems (CEMS)

Regulation	% of emissions covered by the system	Compliance period	Evidence of submission

CC8.7

Please indicate the verification/assurance status that applies to at least one of your reported Scope 2 emissions figures

Third party verification or assurance process in place

CC8.7a

Please provide further details of the verification/assurance undertaken for your location-based and/or market-based Scope 2 emissions, and attach the relevant statements

Location-based or market-based figure?	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 2 emissions verified (%)
Market-based	Annual process	Complete	Reasonable assurance	https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/CC8.7a/8.6a_8.7a_TSKB ISO 14064 Certificate_Scope1-2.pdf	1/1	ISO14064-3	100
Location-based	Annual process	Complete	Reasonable assurance	https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/CC8.7a/8.6a_8.7a_TSKB ISO 14064 Certificate_Scope1-2.pdf	1/1	ISO14064-3	100

CC8.8

Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified	Comment
No additional data verified	

CC8.9

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

Yes

CC8.9a

Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO2

677.17

Further Information**Attachments**

[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData\(1Jan2016-31Dec2016\)/8.3a_Bereket Energy Official Letter to TSKB.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC8.EmissionsData(1Jan2016-31Dec2016)/8.3a_Bereket%20Energy%20Official%20Letter%20to%20TSKB.pdf)

[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData\(1Jan2016-31Dec2016\)/8.6a_8.7a_TSKB ISO 14064 Certificate_Scope1-2.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC8.EmissionsData(1Jan2016-31Dec2016)/8.6a_8.7a_TSKB%20ISO%2014064%20Certificate_Scope1-2.pdf)

Page: CC9. Scope 1 Emissions Breakdown - (1 Jan 2016 - 31 Dec 2016)

CC9.1

Do you have Scope 1 emissions sources in more than one country?

No

CC9.1a

Please break down your total gross global Scope 1 emissions by country/region

Country/Region	Scope 1 metric tonnes CO2e
----------------	----------------------------

CC9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

- By GHG type
- By activity

CC9.2a

Please break down your total gross global Scope 1 emissions by business division

Business division	Scope 1 emissions (metric tonnes CO2e)
-------------------	--

CC9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude
----------	--	----------	-----------

CC9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)
CO2	210.96
CH4	0.42
N2O	1.22
HFCs	178.34

CC9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)
Natural gas boiler	138.18
Transportation	74.42
Cooling units	178.34
Generators	0

Further Information

CC10.1

Do you have Scope 2 emissions sources in more than one country?

No

CC10.1a

Please break down your total gross global Scope 2 emissions and energy consumption by country/region

Country/Region	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)

CC10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By activity

CC10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
-------------------	---	---

CC10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
----------	--	--

CC10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
Electricity (Green electricity)	0	0

Further Information

TSKB has been supplying green electricity from Bereket Energy. Bereket Energy is established in 1995 in order to produce electricity from renewable energy sources. The energy portfolio of Bereket Energy consists of carbon free hydroelectric resources which are Bereket 1-2, Dalaman 1-2-3-4-5, Feslek, Gökyar, Mentaş, Koyulhisar, Toros, Göktaş Hydroelectric Power Plants. Since July 2009, TSKB has been using green electricity from these hydroelectric power plants of Bereket

Energy. Therefore, TSKB does not have any greenhouse gas emissions caused by electricity consumption and uncertainties due to Scope 2 (location-based) emissions are considered to be 0. The official document taken from Bereket Energy is attached below.

Attachments

[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC10.Scope2EmissionsBreakdown\(1Jan2016-31Dec2016\)/10.2c_Bereket Energy Official Letter to TSKB.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC10.Scope2EmissionsBreakdown(1Jan2016-31Dec2016)/10.2c_Bereket%20Energy%20Official%20Letter%20to%20TSKB.pdf)

Page: CC11. Energy

CC11.1

What percentage of your total operational spend in the reporting year was on energy?

More than 95% but less than or equal to 100%

CC11.2

Please state how much heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Heat	682
Steam	0
Cooling	0

CC11.3

Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year

CC11.3a

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Jet kerosene	456
Diesel/Gas oil	677
Liquefied petroleum gas (LPG)	40

CC11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure reported in CC8.3a

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Emissions factor (in units of metric tonnes CO2e per MWh)	Comment
Direct procurement contract with a grid-connected generator or Power Purchase Agreement (PPA), where electricity attribute certificates do not exist or are not required for a usage claim	937.11	0	In Turkey, electricity is supplied by mixed grid energy production lines. In order to reduce emissions factor of the mixed grid, TSKB has financed renewable energy (RE) projects since 2005. 211 RE projects varying from hydro to solar, wind, biomass and geothermal, with a 5332 MW total installed capacity are being financed which accounts for 15% of Turkey's total installed capacity. Bereket

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Emissions factor (in units of metric tonnes CO2e per MWh)	Comment
			Energy is the one of these renewable energy costumers of the Bank. TSKB has been supplying green electricity (market-based) from Bereket Energy. Bereket Energy is established in 1995 in order to produce electricity 100% from renewable energy sources. The energy portfolio of Bereket consists of carbon free hydroelectric resources which are Bereket 1-2, Dalaman 1-2-3-4-5, Feslek, Gökyar, Mentaş, Koyulhisar, Toros, Göktaş Hydroelectric Power Plants. Since July 2009, TSKB has been using green electricity from these hydroelectric power plants of Bereket Energy. By this way, TSKB reduced 537 tonnes CO2e in the greenhouse gas emissions of 2016. The official document taken from Bereket Energy is attached below.

CC11.5

Please report how much electricity you produce in MWh, and how much electricity you consume in MWh

Total electricity consumed (MWh)	Consumed electricity that is purchased (MWh)	Total electricity produced (MWh)	Total renewable electricity produced (MWh)	Consumed renewable electricity that is produced by company (MWh)	Comment
937.11	937.11	0	0	937.11	Since July 2009, all electricity need of TSKB has been purchased from Bereket Energy.

Further Information**Attachments**

https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC11.Energy/11.4_Bereket Energy Official Letter to TSKB.pdf

Page: CC12. Emissions Performance

CC12.1

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

Decreased

CC12.1a

Please 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

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
Emissions reduction activities	51	Decrease	As an emission reduction activity, TSKB maintains refrigerant pipelines regularly in order to prevent leakages from pipes. In previous year, TSKB performed a comprehensive maintenance activity for two existing chiller units which are under operation since 1988. It was the first comprehensive maintenance of last 15 years. During the maintenance, 242.4 kg refrigerant leakages (R-22 and R-407C) occurred. With the benefit of the previous maintenance, only 9.4 kg R-22 was lost and therefore fugitive emissions decreased by 412 ton CO ₂ e in this reporting year. On the other hand, fugitive emissions reduced by 166 ton CO ₂ e (28% decrease) compare to 2012 base year.
Divestment	0	No change	Not relevant
Acquisitions	0	No change	Not relevant

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
Mergers	0	No change	Not relevant
Change in output	0	No change	Not relevant
Change in methodology	0	No change	Not relevant
Change in boundary	0	No change	Not relevant
Change in physical operating conditions	0.5	No change	Compared to previous year, TSKB Scope1&2 GHG emissions decreased by 0.5% due to change in physical conditions. Further reasons are as follows; 1- Since average indoor air temperature decreased 1°C compared to 2015 during the heating period, the natural gas consumption decreased 1,480 m3. This led to a decrease in emissions caused by stationary combustion by 4 ton CO2e (0.5% decrease). Compare to base year (2012), GHG emissions due to natural gas consumption are also reduced by 12 ton CO2e (2% decrease). 2-On the banking operational emissions sources side, the emissions stemmed from business travels by TSKB owned cars were nearly the same with the previous year (0.01% increase only). However, compare to the base year (2012), GHG emissions due to TSKB owned cars decreased by 18.4 ton CO2e (3.0% decrease). 3-In the reporting year, there was not any diesel consumption in generators. However, compare to base year (2012), GHG emissions due to diesel consumption of generators decreased by 2.6 ton CO2e (0.4% decrease).
Unidentified	0	No change	Not relevant
Other	0	No change	Not relevant

CC12.1b

Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

CC12.2

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.00002864384926	metric tonnes CO2e	136504000	Market-based	50	Decrease	<p>Compared to 2015, TSKB GHG emissions in Scope1 & 2 were decreased from 807 tons to 391 tons CO2e which represents 51.5% reduction while TSKB total revenue was decreased by 3%. The main reason of decrease in annual revenue of TSKB is the loss of value in the Turkish Liras (TL) from 2015 to the end of 2016. In the reporting year, 51.5% (416 ton CO2e) GHG emissions reduction occurred due to the following changes; 1- The main reason behind this decrease is the significant reduction in refrigerant gas leakage compare to previous year. In previous year, TSKB performed a comprehensive maintenance activity for the two chiller units, which are under operation since 1988. It was the first comprehensive maintenance of last 15 years. During the maintenance, 242.4 kg refrigerant leakages (R-22 and R-407C) occurred. With the benefit of the previous maintenance, only 9.4 kg R-22 was lost and therefore fugitive emissions decreased by 412 ton CO2e in this reporting year. 2- Since average indoor air temperature decreased 1°C compared to 2015 during the heating period, the natural gas consumption decreased 1,480 m3. This led to a decrease in emissions caused by stationary combustion by 4 ton CO2e (0.5% decrease). 3- On the banking operational emissions sources side, the emissions stemmed from business travels by TSKB owned cars were nearly the same with the previous year (0.01% increase only). 4-In the reporting year, there was not any diesel consumption in generators.</p>

CC12.3

Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
1.1620	metric tonnes CO2e	full time equivalent (FTE) employee	337	Market-based	53	Decrease	Compared to 2015, TSKB GHG emissions in Scope1&2 were decreased from 807 tons to 391 tons CO2e which represents a 51.5% reduction while TSKB full time equivalent employees were increased by 4%. In the reporting year, Scope 1&2 GHG emissions decreased by 51.5% (416 ton CO2e) due to the following changes; 1- The main reason behind this decrease is the significant reduction in refrigerant gas leakage compare to previous year. In previous year, TSKB performed a comprehensive maintenance activity for the two chiller units, which are under operation since 1988. It was the first comprehensive maintenance of last 15 years. During the maintenance, 242.4 kg refrigerant leakages (R-22 and R-407C) occurred. With the benefit of the previous maintenance, only 9.4 kg R-22 was lost and therefore fugitive emissions decreased by 412 ton CO2e in this reporting year. 2- Since average indoor air temperature decreased 1°C compared to 2015 during the heating period, the natural gas consumption decreased 1,480 m3. This led to a decrease in emissions caused by stationary combustion by 4 ton CO2e (0.5% decrease). 3- On the banking operational emissions sources side, the emissions stemmed from business travels by TSKB owned cars were nearly the same with the previous year (0.01% increase only). 4-In the reporting year, there was not any diesel consumption in generators.
0.0227	metric tonnes	square meter	17236	Market-	51.5	Decrease	Compared to 2015, TSKB GHG emissions in Scope1&2

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
	CO2e			based			were decreased from 807 tons to 391 tons CO2e which represents a 51.5% reduction while TSKB building area is the same with previous year. In the reporting year, Scope 1&2 GHG emissions decreased by 51.5% (416 ton CO2e) due to the following changes; 1-The main reason behind this decrease is the significant reduction in refrigerant gas leakage compare to previous year. In previous year, TSKB performed a comprehensive maintenance activity for the two chiller units, which are under operation since 1988. It was the first comprehensive maintenance of last 15 years. During the maintenance, 242.4 kg refrigerant leakages (R-22 and R-407C) occurred. With the benefit of the previous maintenance, only 9.4 kg R-22 was lost and therefore fugitive emissions decreased by 412 ton CO2e in this reporting year. 2- Since average indoor air temperature decreased 1°C compared to 2015 during the heating period, the natural gas consumption decreased 1,480 m3. This led to a decrease in emissions caused by stationary combustion by 4 ton CO2e (0.5% decrease). 3- On the banking operational emissions sources side, the emissions stemmed from business travels by TSKB owned cars were nearly the same with the previous year (0.01% increase only). 4-In the reporting year, there was not any diesel consumption in generators.

Further Information

Page: CC13. Emissions Trading

Do you participate in any emissions trading schemes?

No, and we do not currently anticipate doing so in the next 2 years

CC13.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership

CC13.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

CC13.2

Has your organization originated any project-based carbon credits or purchased any within the reporting period?

Yes

CC13.2a

Please provide details on the project-based carbon credits originated or purchased by your organization in the reporting period

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits canceled	Purpose, e.g. compliance
Credit purchase	Wind	Alize-Keltepe Rüzgar Enerji Santrali – 20.7 MW Alize-Keltepe Wind Farm Project, Turkey (Vintage 2009)	Gold Standard	862	862	No	Voluntary Offsetting

Further Information

Attachments

[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC13.EmissionsTrading/13.2a_Gold Standart VER Certificate Published.PNG](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC13.EmissionsTrading/13.2a_Gold%20Standart%20VER%20Certificate%20Published.PNG)

[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC13.EmissionsTrading/13.2a_Gold Standart VER Certificate Procurement.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC13.EmissionsTrading/13.2a_Gold%20Standart%20VER%20Certificate%20Procurement.pdf)

Page: CC14. Scope 3 Emissions

CC14.1

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Relevant, calculated	6	EPA (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	Emission due to paper consumption has been determined according to the methodology given in EPA.
Capital goods	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Upstream transportation and distribution	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Waste generated in operations	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Business travel	Relevant, calculated	366	IPCC 2006, Defra, GHG Protocol (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	GHG Scope-3 emissions due to taxi usage, bus and air transportation have been analyzed as emissions from business travels. Defra has been the reference for the determination of emissions from air transportation. Based on the methodology of IPPCC and GHG Protocol, emissions from business travels have been determined.
Employee	Relevant,	98	IPCC 2006, Defra, GHG Protocol,	100.00%	GHG Scope-3 emissions from personnel service and

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
commuting	calculated		EPA (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).		personnel ferry (travelling from Üsküdar to Kabataş) have been categorized as emissions of purchased goods and services. IPCC, Defra and GHG protocol has been used for the calculation of emissions from employee commuting.
Upstream leased assets	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Downstream transportation and distribution	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Processing of sold products	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Use of sold products	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
End of life treatment of sold products	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Downstream leased	Not relevant,	0	There is no specific methodology	100.00%	This source is not one of the TSKB emission sources in

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
assets	calculated		used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).		Scope-3. Therefore, it equals to zero.
Franchises	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Investments	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Other (upstream)	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.
Other (downstream)	Not relevant, calculated	0	There is no specific methodology used for this source (Please see the "2015 TSKB Greenhouse Gas Inventory" report for all details about the methodology).	100.00%	This source is not one of the TSKB emission sources in Scope-3. Therefore, it equals to zero.

CC14.2

Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

Third party verification or assurance process in place

CC14.2a

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 3 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/CC14.2a/14.2a_TSKB ISO14064 Certificate_Scope3.pdf	1/3	ISO14064-3	100

CC14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

CC14.3a

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Business travel	Change in physical operating conditions	6.2	Increase	Based on the banking activities in 2016, TSKB employees travelled (for business) more with air transportation compared to 2015.
Business travel	Change in physical operating conditions	0.01	Decrease	Based on the banking activities in 2016, TSKB employees made slightly less business travel using bus transportation compared to 2015. Thus, GHG emissions caused by bus transportation showed a decrease of 0.0131% (due to the decimal place limit it is reported as 0.01%) in 2016.
Business travel	Change in physical operating conditions	0.5	Increase	Based on the banking activities in 2016, TSKB employees travelled (for business) more with air transportation compared to 2015.
Employee commuting	Change in physical operating conditions	0.02	Increase	In 2016, personnel service bus has been used both by TSKB and its subsidiaries. Thus, GHG emissions is calculated based on the equity share method. Compared to the previous year, number of TSKB employees commuted by personnel service remained the same while number of subsidiaries employees increased by 1.2%. On the other hand, total annual travelled distance decreased by 0.2% which leads to a decrease of 0.02% in GHG emissions caused from personnel service buses.
Employee commuting	Change in physical operating conditions	0.1	Decrease	Personnel ferry (route: Kabatas – Uskudar) has been used both by TSKB and its subsidiaries. Thus, GHG emissions is calculated based on the equity share method. Compared to the previous year, number of TSKB employees using personnel ferry decreased 3% while number of subsidiaries employees decreased 2%. Total annual fuel consumption of personnel ferry has decreased by 1% compare to last year which leads to a slight decrease of 0.1% in GHG emissions caused from personnel ferry.
Purchased goods & services	Change in physical operating conditions	0.1	Increase	Based on the banking activities of 2016, TSKB consumed 8.5% more paper compared to base year.

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers
Yes, our customers

CC14.4a

Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success

Under its Sustainability Policy framework, TSKB launched a well-structured Sustainability Management System in 2005 which has been certified with ISO 14001 since 2007.

Under SMS, TSKB has a particular procedure to manage environmental and social risks arise from lending activities. Within the procedure, TSKB developed an environmental and social risk evaluation tool on voluntary basis called ERET in 2005, in order to identify and manage external risks related with the lending activities of TSKB.

The model is based on studying the environmental impacts of investment projects subject to credit evaluation and other activities of the project owner with both current and future perspective. It defines the dimensions of the environmental risk, clarifies acceptable limits for the risks involved and ensures that the project complies with the general lending policies of TSKB. It also covers reducing/offsetting potential risks and the related environmental and social action plans to reduce the environmental and social impacts. In case of a high environmental and social risk factor, a plan is prepared in cooperation with the client on how to reduce the impacts and to trace them.

This is the way of TSKB in building the engagement with its clients to improve their climate change tackling strategies, primarily through requiring applying best practices in their investments.

TSKB supports its clients by offering sustainable products and services that provide low carbon and high efficient solutions. Renewable energy, energy efficiency (EE) and resource efficiency (RE) finance thematic loans are constituted as sustainability products. The share of sustainability themed loans is 57% of the portfolio as of 2016 year-end. TSKB financed various renewable energy projects varying from hydro to solar, wind, biomass and geothermal with a 5332 MW total installed capacity representing 15% of Turkey's total installed capacity.

TSKB with its wide experience and technical knowledge gained in renewable energy sector, assists and encourages investors in this field. Moreover, TSKB calculates financed investments' GHG emission to use in internal and external reports with the corporation of clients. As a development bank, TSKB takes into consideration financed investments' contribution to the national development and climate change strategy of the country which requires a strong engagement with its customers.

CC14.4b

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Type of engagement	Number of suppliers	% of total spend (direct and indirect)	Impact of engagement
Compliance	2	48.04%	<p>TSKB has a headquarter in Istanbul consisting of 2 buildings and two branches in Ankara & Izmir Provinces. It has several suppliers engaged primarily in catering, employee transportation and stationery & office stuff services. Environmental and social adverse impacts of the suppliers are principally taken into consideration in prioritization of the engagements. TSKB has developed good business relationships with catering and transportation service suppliers in terms of their environmental and social performance. This two companies represent 48.04% of TSKB's total spend among all the other suppliers. The catering enterprise has been certified with ISO 14001 certificate to comply with the prerequisite of TSKB to work with. TSKB checks the persistence of the certificate in annual meetings with the Company. On the other hand, the entire emissions caused from highway and ferry transportation are calculated individually by TSKB engineers and declared in "TSKB Greenhouse Gas Emissions Inventory" every year. A softcopy of this report is sent to the Company in order to inform them about their results. TSKB shows best effort to make the Company set GHG emission targets to improve their own performance in this field. Moreover, TSKB offsets the emission sourced from employee transportation annually which depends on the engagement between the Company & TSKB who are in contact by monthly meetings and telephone for safety information flow. To conclude, TSKB has adopted the approach that requires these companies to apply best practices in their workplaces and encourages them to improve environmental and social performances while reducing their GHG emissions.</p>

CC14.4c

Please explain why you do not engage with any elements of your value chain on GHG emissions and climate change strategies, and any plans you have to develop an engagement strategy in the future

Further Information

Attachments

https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC14.Scope3Emissions/14.1_TSKB Activity Data and Emission Factors_2016.PNG

[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC14.Scope3Emissions/14.1_P7.R1.2015 Greenhouse Gas Emissions Inventory_2016.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC14.Scope3Emissions/14.1_P7.R1.2015%20Greenhouse%20Gas%20Emissions%20Inventory_2016.pdf)

[https://www.cdp.net/sites/2017/54/21154/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC14.Scope3Emissions/14.2a_TSKB ISO14064 Certificate_Scope3.pdf](https://www.cdp.net/sites/2017/54/21154/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC14.Scope3Emissions/14.2a_TSKB%20ISO14064%20Certificate_Scope3.pdf)

Module: Sign Off

Page: CC15. Sign Off

CC15.1

Please provide the following information for the person that has signed off (approved) your CDP climate change response

Name	Job title	Corresponding job category
Çiğdem İçel	Executive Vice President	Other: Sustainability Committee Member

Further Information

[CDP 2017 Climate Change 2017 Information Request](#)