

T.SINAI KALKINMA BANKASI A.Ş. - Climate Change 2022

C0. Introduction

C0.1

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

Our Profile

Founded in 1950 with the mission to finance medium-to-long term investments in Türkiye and to contribute to the sustainable economic development of the country, Industrial Development Bank of Türkiye (TSKB) is Türkiye's first privately-owned development and investment bank.

With respect to our shareholders, 51.37% is held by Isbank (Türkiye İş Bankası) Group and 8.38% belongs to Vakıflar Bankası T.A.O. The remaining portion is in free float.

TSKB's total asset size expanded by 63% compared to the previous year, reaching TL 84.1 billion (USD 6.4 billion) by the end of 2021. Ranking 12th in the sector in terms of asset size, the Bank maintains its 2nd position among development and investment banks. The Bank's shareholders' equity increased by 14% YoY and reached TL 6.9 billion (USD 0.5 billion) at the end of 2021. With 361 employees working in our core banking activities, we make up a family of 576 employees taken together with our subsidiaries.

We offer our clients various products and services in corporate banking, investment banking, and advisory business lines. Thanks to our unique business model with a "knowledge banking" approach, prudent risk assessment, and long-lasting relationships with stakeholders, we identify the actual and future needs for sustainable development and while providing financial support, we also share our know-how with our clients for building sustainable and resilient development.

We support investments in renewable energy, energy efficiency, resource efficiency, circular economy, climate mitigation loans, and social themes such as inclusiveness, women empowerment, equal opportunity, youth empowerment, health, and education. Nearly 70 percent of its funding is from DFIs, TSKB started to develop its sustainable banking model in the 1980s by adding environmental factors to the credit appraisal process and providing environmental loans. Having integrated the concept of sustainability into all of its banking services and accomplished many firsts along the way, TSKB is one of the forerunners with its best practices in sustainable and inclusive finance in Türkiye for the purposes of transitory development. As of 2021, 80 percent of its funding is ESG-linked. To note, sustainability is also embedded in the mission, strategy, and targets of TSKB. The Bank aims to be the business partner stakeholders consult and prefer as the first choice for Türkiye's economic, environmental and social development.

Our stakeholders

With the World Bank actively involved in its foundation, TSKB operates in continuous cooperation with leading participants in global markets. Our international partners include International Financial Institutions (IFIs) Development Finance Institutions (DFIs) such as *IBRD, EIB, KfW, IDB, CEB, AFD, JBIC, IFC, AIIB, EBRD, CDB, and OEB*. We are the only private bank besides state-owned banks, which has access to the Turkish Treasury and Finance Ministry guarantee for the funds secured from development financial institutions. Long-lasting and capacity-enhancing relationships with DFIs, IFIs and mission clubs allow us to follow recent developments in responsible banking and also to develop new themes and toolkits in order to contribute to the transition of Turkish economic and social development.

Sustainability

Since our establishment, sustainability is embedded in our business model. DFIs which are among our most important stakeholders make a great contribution to our journey. Thanks to our continuous relationships with DFIs, we spend dedicated efforts on capacity building in terms of following the latest development factors, and parameters and implementing the best practices.

Fight against climate change and supporting to transition to a low-carbon economy are among the top priority focuses that determine TSKB's strategy. Especially in line with the increasing importance and vulnerability in recent years, the Climate Risks Working Group (WG) was established in 2020 within the scope of the Bank's sustainability structure and short, mid and long-term road maps for the climate change endeavors have been determined. Aiming to incorporate climate risks into all work processes and analyze indirect effects arising from lending activities, the WG represented TSKB in the Phase 2 Banking Pilot Program of the UNEP-FI TCFD, in which TSKB was the only participant from Türkiye. In 2021, having published "Combating Climate Change and Adaptation Policy" TSKB determined its strategy and practices to combat climate change and committed that its efforts shall further intensify. Accordingly, in line with its roadmap, TSKB calculated Scope 3 emissions of companies that are financed by the Bank and operate in carbon-intensive industries (non-renewable power generation, cement, iron & steel). The aforementioned loans account for 7.5% of TSKB's 2021 year-end portfolio, where the emissions calculated account for nearly 70% of the whole book.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2021	December 31 2021	No	<Not Applicable>

C0.3

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

Turkey

C0.4

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

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Insurance types underwritten	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	<Not Applicable>	Basic plastics Electronic components manufacturing Fabric metal components manufacturing Finished wood products Inorganic base chemicals Other base chemicals Paper products Pharmaceuticals Specialty chemicals Textiles Wood & paper materials
Investing (Asset manager)	No	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	No	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	No	<Not Applicable>	<Not Applicable>

C0.8

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

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	XS1750996206, US90015YAB56, US90015YAA73
Yes, a Ticker symbol	TSKB (trading on Borsa Istanbul indices)

C1. Governance

C1.1

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

Yes

C1.1a

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

Position of individual(s)	Please explain
Board-level committee	All ESG issues including combating and adapting to climate change are addressed through the active participation of the Board of Directors (BoD) and the Executive Committee (EC). The BoD ensures that the Bank is being managed in accordance with its strategic focuses and predetermined targets. Complementary policies as well as the Sustainability Policy and the Climate Change Mitigation and Adaptation Policy, which encompass the responsible banking approach, were approved by the BoD and entered into force. TSKB's organizational structure for sustainability involves the BoD and the EC and comprises all employees. Business plans and activities to be developed within the scope of TSKB's sustainability strategy, vision, and goals, particularly climate-related risks and opportunities, are addressed by the Sustainability Committee (SC) with the active participation of the BoD and the EC. Established in 2014, the SC consists of 3 Board Members as well as the CEO and 2 Executive Vice Presidents (EVPs) as of the end of 2021. With the participation of the CEO as a committee member, this structure enables effective management at the highest level of all ESG issues, including climate risks, which are among the strategic focuses of the Bank. Members of the SC are appointed by the decision of the BoD. Within the Bank's sustainability management system, SC is supported by the Sustainability Management Committee (SMC) and 11 Working Groups (WGs) in which representatives from different departments. CEO is actively participating in the meetings, and the EVP in charge of related ESG responsibilities acts as a facilitator between SC and SMC. In 2021, the Sustainability Coordination Officer position has been created which is aimed to plan and manage core strategies and targets, as well as the Committee's work and objectives, in a more inclusive, effective, and synchronized manner. Reporting to the BoD, the Audit Committee (AC) is responsible for ensuring the efficiency and adequacy of the Bank's risk management, internal control, and internal audit operations under the relevant legislation. The Risk Management Department develops the systems required for risk management processes and conducts such operations, monitors the compliance of risks with policies and standards as well as the Bank's limits while reporting to the BoD via AC.

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p> <p>Other, please specify (Review and approval of banks sustainability policies and guidelines; Review/sign off of public disclosures)</p>	<p>Climate-related risks and opportunities to our own operations</p> <p>Climate-related risks and opportunities to our banking activities</p> <p>The impact of our own operations on the climate</p> <p>The impact of our banking activities on the climate</p>	<p>TSKB's organizational structure for sustainability involves the BoD and the EC and comprises all employees. All TSKB's direct and indirect activities that influence policy on climate change are coordinated and managed by the board-level SC which is the highest level of direct responsibility for climate change. The board-level SC works within the context of Sustainability Management Structure, sustainability and complementary policies and sustainability management system. As of 2020, the "Climate Risk Working Group" is established. The activities of the Working Group are regularly reported to the Sustainability Committee, Executive Committee and Sustainability Management Committee which convenes on a monthly basis. In recognition of the far-reaching impact that climate change has on economic and social wellbeing and on economic growth, according to the Sustainability Policy, TSKB seeks to play an active role in the transition to a low-carbon economy. 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 the 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. Besides, the SC is supported by the Sustainability Management System (SMS). Not only climate change policies and strategy but also, duties and responsibilities, activities to be done, time plans, and bi-annual progression reports are documented within the SMS framework. That helps SC to ensure that policies and strategies are consistent with each other and that the entire process is recorded within a well-structured management system. The sustainability policy and its complementary policies are reviewed and revised periodically. To note, we are also working on responsible communication and marketing policy to release in 2022. As a sustainable and responsible bank, TSKB sets targets and shares the progress with its stakeholders via its integrated annual report. Each target is approved by the SC, hence by the board members too. Via these targets, the bank can achieve the aimed annual emission reduction levels, percent of sustainable finance, levels of natural resources consumption, and environmental and social impact assessment applies to all investment projects. TSKB is a signatory and a member of different international sustainable development-focused initiatives. The SC evaluates the current situation, the requirements of different initiatives, and the new potential cooperation areas. Taking part in different platforms supports the Bank's strong and sustainable relationship with its stakeholders. Recently, climate-related risk of the Bank's portfolio calculation and integration of the TCFD recommendations into the evaluation process of the Bank has been included in the SC agenda.</p>

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our banking activities The impact of our own operations on the climate The impact of our banking activities on the climate	A Sustainability Coordination Officer is assigned who reports to the CEO, a member of SC.
Scheduled – some meetings	Reviewing and guiding business plans Monitoring implementation and performance of objectives	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our banking activities The impact of our own operations on the climate The impact of our banking activities on the climate	Sustainability Policy is supported by complementary policies under the environmental, social, and governance orientation. Sustainability Policy and complementary policies (Equal Opportunities Policy, Environmental and Social Impact Policy, List of activities that are not to be financed, Occupational Health & Safety Policy, Human Rights Policy, Sustainable Procurements Management Policy, Gifts and Hospitality Policy, Anti-Bribery and Anti-Corruption Policy, Gender Equality Policy, Climate Change Mitigation and Adaptation Policy) guide Bank's sustainability management operations. Policies are reviewed periodically and within the actual changes and improvements of related subjects. Review of Sustainability Committee and approval of Board are needed before published. In addition, we have also been working on integrating climate risks into our loan evaluation process by developing another tool named Climate Risk Evaluation Tool (CRET). The project is currently in progress at the pilot level and aims to quantify climate risks in financial metrics including provisioning policies.
Other, please specify (Ongoing process)	Reviewing and guiding risk management policies	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our banking activities The impact of our own operations on the climate The impact of our banking activities on the climate	The Bank has adopted the Three Lines of Defense Approach, which is an effective method in managing physical and transition risks from climate change by integrating them into risk management processes and controlling operational activities. In the first Line, all relevant business units and management bodies review and assess incoming loan applications for climate risks in terms of risks arising from the loan portfolio. The environmental and social risks of projects are evaluated via our Environmental and Social Risk Evaluation Tool (ERET) model, irrespective of sector or loan size. The appraisal report which is the output of this process is submitted to either the Credit Evaluation Committee or BoD depending on the loan size. Besides, the first line also involves the review of operation activities and how they are impacted by climate risks in terms of operational risks. As the first step of risk management, these units carry out a multidimensional risk assessment with their subject matter expertise. In the Second Line, activities and controls are performed through structures reporting to the Board of Directors and the Executive Committee in line with the Bank's risk appetite and policies. In the Third Line, all activities, including the management of climate risks, are independently audited by the Internal Audit Department reporting to the Audit Committee, which is composed of the members of the Board of Directors.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Sporadic - as important matters arise	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p> <p>Other, please specify (Review/sign off of public disclosures)</p>	<p>Climate-related risks and opportunities to our own operations</p> <p>Climate-related risks and opportunities to our banking activities</p> <p>The impact of our own operations on the climate</p> <p>The impact of our banking activities on the climate</p>	If deemed necessary, Sustainability Committee has the authority to submit items to the board of directors' meeting agenda in order to discuss sustainability concerns.

C1.1d

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

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	3 Board Members and the CEO are members of the Sustainability Committee (SC) which is responsible for the coordination of the activities and business plans created in line with our sustainability strategy vision and targets. With the participation of Board level members and the Bank's CEO in SC, all targets and strategies are managed from a macro perspective. One of the board members who is also a member of the sustainability committee was Türkiye's Chief Negotiator for Climate Change between 2010 and 2013. Regarding ESG issues, our Board Members and our CEO have competence in terms of know-how and experience resulting from periodic meetings and detailed presentations of the executive management and attendance at related events on various platforms. For instance, our CEO often represents the Bank on various ESG platforms, giving public speeches and showing attendance. In addition, one of the board members has been a sustainability committee member since 2017.	<Not Applicable>	<Not Applicable>

C1.2

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

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities <i>Monitoring climate-related risks and opportunities</i>	Risks and opportunities related to our banking Risks and opportunities related to our own operations	More frequently than quarterly
Other, please specify (Sustainability Coordinator)	CEO reporting line	Other, please specify (Guiding of sustainability management operations)	Risks and opportunities related to our banking Risks and opportunities related to our own operations	More frequently than quarterly
Sustainability committee	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our banking Risks and opportunities related to our own operations	Annually

C1.3

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	The SC targets are distributed to every employee who is a member of the SMC and/or WGs and considered within the scope of employee performance evaluation. Additionally, SMS training is provided for employees to raise awareness and settle a sustainability culture. As of the end of 2021, 74 people from 21 departments (20% of the banking staff) and subsidiaries took part in committees and working groups. The annual targets of the SMC are determined smartly and reflected in the performance scorecards of all members. In addition, the targets of the relevant sustainability projects can be added to the performance scorecards of WGs members with the mutual decision of the employee and related manager. One of the common goals of the WGs is to organize internal training events and information sessions in order to ensure the capacity development of all TSKB employees on sustainability. Efforts to this end will be further increased and maintained.

C1.3a

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

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Corporate executive team	Monetary reward	Other (please specify) (Company's ESG Performance)	Three board members, the CEO, and two Executive Vice Presidents of the Sustainability Committee (SC) 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, and environmental and social impact assessment applies to all investment projects. All sustainability targets shared via the Integrated Annual Report are approved and monitored by SC. These targets are the Bank's annual KPIs which directly impact the scorecard of the CEO and senior management of the Bank.
All employees	Non-monetary reward	Other (please specify) (Zero Carbon Banking Principles)	Raising the awareness of the Bank's employees on sustainability and integrated thinking is quite important for TSKB. Hence, increasing all employees' awareness of sustainability issues through ongoing communication and by encouraging active involvement in sustainability processes is one of the targets of the Sustainability Management System. All employees are periodically provided training about TSKB's efforts and strategy on sustainability. Workshops and brainstorming sessions are held on purpose based on a wide attendance at the Bank. For example, during the preparation of integrated reporting, the business model and capital of the Bank were structured via workshops that included a large portion of Bank employees. And, during the pandemic period, at least three ESG feedback workshops were convened in order to conduct a gap analysis and determine our ESG strategy. Besides, all ESG issues are dealt with via a matrix structure management system in order to expand know-how and experience across the bank employees. With the rising awareness, people become more familiar with concepts and feel more encouraged to bring new ideas and suggestions for the topic. To collect such feedback, there exists a "suggestions portal" in the internal web page applications. All employees can access this portal to contribute to the Bank's strategy on sustainability and climate change tackling.
Other, please specify (Sustainability Management Committee)	Monetary reward	Other (please specify) (11 Working Groups' targets)	The sustainability Management Committee consists of 14 members including TSKB CEO, Executive Vice Presidents directly related to sustainability, and the heads of Sustainability Working Groups. EVP is the chair of the sustainability management committee. The whole body is responsible for the integration of sustainability concepts into all business processes and services, developing new services and opportunities in sustainable banking, and increasing the level of sustainability awareness in the banking sector and the business community. Working group activities, global and local developments, planned projects, targets, and achievements are discussed in Sustainability Management Committee. The annual targets of the Sustainability Management Committee are set clearly and measurably and are reflected in the performance scorecards of all management committee members and relevant sustainability-related working groups. The achievement status of the targets is followed and evaluated in annual performance reviews. Incentives are determined based on these evaluations. Via these targets, the bank can achieve the aimed annual emission reduction levels, percent of sustainable finance, levels of natural resources consumption, and environmental and social impact assessment applies to all investment projects. As of 2021, Sustainability Subcommittee has evolved into Sustainability Management Committee, Sustainability Coordination Officer is appointed for the internal coordination of the sustainability structure and 11 Working Groups operating under the Sustainability Management Committee have gathered under 4 main groups which are the focal point of the Bank (Strategy, Corporate Governance, Environment and Climate, Social Impact and Inclusion)
Other, please specify (Climate Risks Working Group)	Monetary reward	Other (please specify) (Sector-based heat map project regarding physical and transition risk; Measure and report portfolio risks within the framework; Quantification of climate related risks into financial provisioning; Implementation of Climate Risk Evaluation Tool (CRET))	With an aim to include climate risks in all business processes and analyze indirect effects from lending operations, the Bank established the Climate Risks Working Group. Intending to integrate climate risks into its business processes more deeply, the Group develops its capacity and conducts various studies to identify, measure and report portfolio risks within the framework of both physical and transition risks. The Chair of the Working Group also serves as the Head of Loan Monitoring. In order to deal with the climate risks with a collective integrated approach, the Working Group members consist of representatives from the Economic Research, Development Finance Institutions, Loan Monitoring, Loan Allocation, Corporate Compliance, Engineering and Technical Advisory, and Risk Management departments. The activities of the Working Group are regularly reported to the Sustainability Management Committee, Executive Committee, and Sustainability Committee. In 2021, the Climate Risk Working Group continued to represent TSKB in the Phase 2 Banking Pilot Program of the UNEP-FI Task Force for Climate-Related Financial Disclosures (TCFD) and published the first Climate Risk Report in the financial industry in May 2021 in line with TCFD recommendations. The Group is working on measuring our Bank's financial risks arising from climate change, conducting and managing scenario-based analyzes in order to measure the effects of risk factors in the medium and long term, and integrating them into our risk model. Recently, the working group developed the Climate Risk Evaluation Tool (CRET) to quantify climate-related risks and integrate climate risks into the loan evaluation process. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Other, please specify (Sustainability Management System Working Group)	Monetary reward	Emissions reduction target	This Working Group was established to monitor and evaluate the internal environmental impacts and occupational health and safety (OHS) performances of the Bank. Training courses were provided to the Bank and related subcontractors to raise awareness of OHS and sustainability. TSKB incorporated the ISO 45001 Occupational Health and Safety Management System into the Bank's structure in 2021 and successfully completed ISO 14001, ISO 14064 and ISO 45001 audits with the help of the Sustainability Management System Working Group's efforts. Performance results are periodically monitored and reported to the Sustainability Subcommittee. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.
Other, please specify (Social Impact Management Working Group)	Monetary reward	Other (please specify) (SDG Mapping Project)	The Social Impact Management Working Group is responsible for following national and international good practices to develop TSKB's social impact analysis approach in its direct lending activities. As a development bank, the aim is to identify and measure social impact, set targets, and improve capacity. Through capacity-building stage emphasis, the working group creates training activities. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.
Other, please specify (Cooperation with International Initiatives and Indexes Working Group)	Monetary reward	Other (please specify) (Participation in the working groups of international initiatives (IDFC, IIF, UNEP FI etc.) ; Company performance in sustainability indices)	The Group endeavors to determine the need for resources in cooperative sustainability efforts with international and supranational financial institutions and international initiatives (IDFC, UNEP-FI, TCFD, UN Global Compact, IIF, ELTI, LTIC, I4CE, ADFIMI, etc.), organize the work and manage relations with BIST Sustainability Index and international ESG rating assessment companies such as Sustainalytics, Refinitiv, and MSCI, etc. In this regard, it coordinates any necessary improvements within our Bank. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews. Empowered by its achievements, our Bank maintained its place in the BIST Sustainability Index in 2021 and ranked first in Türkiye in the ESG Risk Rating by Sustainalytics. maintained its place in the BIST Sustainability Index in 2021, and ranked first in Türkiye in the ESG Risk Rating by Sustainalytics. The working group is currently working on Refinitiv's rating process.
Other, please specify (Gender Equality Working Group)	Monetary reward	Other (please specify) (Advancing gender equality practices within the organization and with stakeholders)	The Gender Equality Working Group works on gender equality, one of the strategic focuses of the Bank, in order to increase effectiveness on various platforms. TSKB believes that tackling a global problem such as climate crisis is only possible by empowering women and aims to make an impact on combating and adapting to climate change by bringing women into the economy and raising awareness through gender equality efforts. Besides, the Bank continued to chair the Gender Equality Working Group within the International Development Finance Club (IDFC) in 2021 as well. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.
Other, please specify (Sustainability Reporting Working Group)	Monetary reward	Other (please specify) (Sustainability reporting (Integrated Annual Report, CDP Report, etc.) alignment with international initiatives' recommendations and frameworks, Stakeholder and Materiality Analysis update)	The Reporting Working Group is responsible for publications such as the Carbon Disclosure Project (CDP) Climate Change Report, the Integrated Annual Report, and the UNEP FI Principles for Responsible Banking Progress Report. To that end, it closely follows local and global best practices, and the latest developments and observes highly-recognized international standards. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.
Other, please specify (Sustainability Communication Working Group)	Monetary reward	Efficiency target	The sustainability Communication Working Group is responsible for carrying out the communication of the Bank's sustainability efforts and sharing information on zero carbon events and sustainability-themed portals. The group is currently working on the Bank's responsible communication and marketing policy. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.
Other, please specify (Green Swan Working Group)	Monetary reward	Efficiency target Other (please specify) (Impact enhancing)	The Green Swan Working Group was established in 2021 to act jointly and take action against the climate crisis. Our Bank published various reports on climate-related themes within the Green Swan platform. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.
Other, please specify (Innovative ESG Products regarding Investment Banking Working Group)	Monetary reward	Efficiency target Other (please specify) (Impact enhancing)	The Working Group was established in 2021 to develop sustainable labeled products on behalf of our customers, to follow the best practices in the world, and carry out similar practices at our Bank and our subsidiary Yatırım Finansman. To enhance our impact, the working group aims to integrate ESG principles into the investment banking discipline. For this purpose, the Bank develops new products such as green/ sustainable lease certificates as well as SDG bonds and offers advisory to its customers in their issuances. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.
Other, please specify (Sustainability Strategy Working Group)	Monetary reward	Efficiency target	Sustainability Strategy Working Group monitors the compliance of the sustainability activities of our Bank and its subsidiaries with our Sustainability Strategy and follows developments and regulations on key performance indicators, global and national sustainability, and proposed recommendations. In 2021, TSKB Sustainability Strategy 2023 was published. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.
Other, please specify (SDG Mapping Working Group)	Monetary reward	Other (please specify) (SDG Mapping)	SDG Mapping Working Group was established in 2021 to measure and report the contribution of investment and working capital loans granted by our Bank to SDGs. The group follows SDG-linked developments on a global and national scale and participates in training courses. The Working Group targets are assigned directly to group members and they are tracked in annual performance reviews.

C-FS1.4

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

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated	Provide reasons for not incorporating ESG criteria into your organization's employment-based retirement scheme and your plans for the future
Row 1	Yes, as an investment option	TSKB also integrated its sustainability and governance perspective into the management and investment strategy of its retirement fund with the aim to enhance positive social and climate-related impact. Our Bank's retirement fund invests in government bonds and stocks. As of 2021YE, all stocks invested in trades on the Borsa Istanbul Sustainability Index.	<Not Applicable>

C2. Risks and opportunities

C2.1

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

Yes

C2.1a

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

	From (years)	To (years)	Comment
Short-term	0	1	TSKB is a development bank serving only Turkish local clients. The Bank does not have operations abroad. Therefore, TSKB's climate-related risks and opportunities are directly linked to the country's policy, regulations, international agreements, and climate conditions of the country. The next year is considered to be as short-term for the Bank.
Medium-term	1	5	With the recent natural disasters and pandemics, climate change has become a highly debated topic even been raised on the agenda of developed countries' central banks which started to accept climate change as a financial and economic risk. Following the ratification of the Paris Agreement by the Turkish Parliament as of October 2021, the fast-evolving developments not only adjacent to Türkiye but also in the global arena will inevitably shape local policies and regulations in Türkiye in the next 5 years. Taking European Green Deal into consideration, this period also seems to be a transition period for the carbon tax. Closely following the developments in the region, Türkiye is planning to release Climate Change Law and By-Law on Greenhouse Emission Trading soon. The recently announced Green Deal Action Plan, which is composed of 32 targets and 81 actions under 9 main themes, aims to support Türkiye's transition to a sustainable economy in line with the SDGs. In October 2021, Paris Climate Agreement was ratified by the Turkish parliament. Therefore, the next 5 years are considered to be the medium term for the Bank. Accordingly, TSKB has a number of targets in line with its strategy and a 5 year-roadmap regarding its efforts on climate change. Thereby, TSKB will be working on its financed emissions targets in alignment with Science Based Target Initiative and UN Net Zero Alliance procedures.
Long-term	5	30	European Green Deal is expected to have some ramifications for Turkish exporters. In July 2021, EU Commission released a package of proposals to make the EU's climate, energy, land use, transport, and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. Long-term is defined as more than 5 years. In the long term, 2030 and 2050 will be marking years. In order to limit the global temperature rise to 1.5°C, 2050 is widely accepted as the target year for the transition to a net zero energy system whereas 2030 will be an important step to see the progress achieved so far. For the next 10 years, TSKB has a target of financing SDG-linked investments amounting to USD 8 bn. The Bank will follow up on the developments with respect to European Green Deal, ETS, other climate-related regulations and best practices, etc. as well as Türkiye's stance, and provide solutions to the private sector in their transition to a circular and zero carbon economy.

C2.1b

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

TSKB defines climate risks and opportunities from the internationally-recognized perspective of physical risks and transition risks.

Heat Map: Considering the TCFD recommendations, a portfolio heat map with a 5-tier risk categorization was developed in order to monitor the climate risk vulnerability of the sectors in TSKB's loan portfolio. It aims to enable an initial assessment of the pressures on costs and incomes of sectors affected by climate change. The sub-sectoral breakdowns in the loan portfolio and their climate change vulnerability have been analyzed in terms of both physical and transition risks.

From this point of view, it examines the risks and opportunities created by climate change within the organization in terms of direct and indirect effects. The Bank defines direct and indirect risks and opportunities in the short, medium, and long term and analyses the effects of these risks and opportunities on the organization's activities, strategy, and financial structure.

According to heat map analysis, 22% of the loan portfolio consists of high-risk sectors in terms of physical risks and approximately 16% in terms of transition risks which is an indicator of the Bank's climate-related risks of the loan portfolio.

ERET Model: Our loan-based climate risks approach comprises our ERET Model for evaluating the environmental and social risks of projects and our Climate Risks Assessment Tool for creating loan-specific action plans to mitigate physical and transition risks. The result of project evaluation under ERET is used as a notching criterion in the internal rating model of the Bank which is used in expected credit loss calculation. Therefore, it has an effect on the measurement of financial impacts on the Bank's balance sheet.

Climate Risks Evaluation Tool (CRET): In addition to ERET Model, in the first half of 2022, the Bank has developed a scoring tool for measuring the level of physical and transition risks in financed projects. In its efforts, the Bank has collaborated with academicians as well as its subsidiary Escarus. The model has started to be utilized during the loan evaluation and allocation process. CRET introduces mitigation plans for physical and transition risks in the loan allocation process. Thus, the Bank is able to be aware of these risks in the early stage and aims to mitigate the climate-related credit risk and negative substantive financial impacts. The integration of climate change-related risks in our loan evaluation, allocation, and monitoring processes by the end of 2023, is one of the targets that is announced in the Bank's TCFD report. CRET is one of the major steps in this area.

C2.2

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

Value chain stage(s) covered

Direct operations

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

TSKB defines climate risks and opportunities from the internationally-recognized perspective of physical risks and transition risks. From this point of view, it examines the risks and opportunities created by climate change within the organization in terms of direct and indirect effects. Direct risks and opportunities focus on the effects of climate change on TSKB's operations and activities, whereas indirect risks and opportunities focus on the effects of climate change on TSKB's products and services as well as its loan portfolio. The Bank defines direct and indirect risks and opportunities in the short, medium, and long term and analyses the effects of these risks and opportunities on the organization's activities, strategy, and financial structure. TSKB identifies and assesses its direct and indirect impacts via its Sustainability Management System (SMS) under the Sustainability Committee. The SMS serves the purpose of reducing the environmental and social impacts of the activities by TSKB. TSKB's Sustainability Policy which is supported by several ESG-backed complementary policies constitutes the basic framework of the SMS. ISO Standards Management Working Group is responsible for the coordination of the measurement, monitoring, and auditing of direct effects resulting from the Bank's operations. As part of ISO 14001 and 14064 Certifications, the Working Group regularly monitors the carbon footprint from internal consumption, implements action plans aiming to reduce its impacts, and sets targets to improve performance. Performance results are periodically monitored and reported to the Sustainability Subcommittee. The indirect effects are being assessed through the Environmental Management System prior to loan allocation. Regardless of the amount, all investment loans are evaluated according to the Environmental and Social Risk Evaluation Tool (ERET). Taking into account the results of the evaluation and risk categorization, TSKB determines whether or not to finance an investment or disburse a working capital loan and formulates a plan with the client to monitor the environmental impact and mitigate the loans it will allocate. In the next step, loan monitoring starts once the credit is approved. To note, starting from 2021, TSKB applies ERET to its working capital loans as well. As of February 2022, TSKB started to apply transaction-based Climate Risk Evaluation Tools (CRET) for both physical and transition risks to make a deeper analysis at the client and asset level for investment and working capital loans and shape its strategy accordingly. The model has been found quite innovative among development finance institutions as well. We will be working on enhancing this capacity further through collaboration among our stakeholders. Combatting climate change and supporting Türkiye's transition to a zero-carbon economy has been among the top strategic priorities of the Bank. Accordingly, TSKB published its "Climate Change Declaration" in 2016, stating clearly its strategy and goals regarding climate change. In 2021, the "Climate Change Mitigation and Adaptation Policy" has been released to set out the scope and principles of its strategy to combat climate change. In order to integrate climate risks into all business processes and analyze the indirect effects of lending operations comprehensively, the Bank established the Climate Risks Working Group in 2020. The Working Group develops its capacity and conducts various studies to identify, measure and report portfolio risks within the framework of both physical and transition risks. The Chair of the Working Group also serves as the Head of the Loan Monitoring department. In order to consider all the angles of climate risks within a collective approach, the Working Group members consist of representatives from the Economic Research, Development Finance Institutions, Loan Monitoring, Loan Allocation, Corporate Compliance, Engineering, Risk Management, and Corporate Banking and Marketing departments. The activities of the Working Group are regularly reported to the Sustainability Subcommittee, Executive Committee, and Sustainability Committee. In 2020, TSKB became the only bank from Türkiye to participate in the UNEP FI TCFD Phase 2 Banking Pilot Program. The Climate Risks Working Group represented TSKB in the subject program and conducted studies in line with the TCFD recommendations. As of 2021, the Bank has been participating in the UNEP FI TCFD Phase 3 Program, which is a follow-up of the Phase 2 studies. Additionally, TSKB participated in COP 26 meetings with three employees from different departments to observe the changing dynamics in an efficient and useful way. Having become a founding signatory of the UNEP FI Principles for Responsible Banking in 2019, TSKB has issued its first progress report within the 2020 Integrated Annual Report developed by the sustainable reporting working group. The study basically focused on the positive and negative impacts of the lending operations and certain targets have been set to mitigate the determined negative impacts. Our second progress report was also integrated into the 2021 Integrated Annual Report. Moreover, the 2021 Integrated Annual Report also comprised capital-based short, medium, and long-term targets. In the first half of 2021, the first TCFD Climate report was published with the efforts of the Climate Risks Working Group.

C2.2a

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The Turkish Government has been supporting renewable energy investments financially via regulations since 2005. According to the related regulation, there is a purchasing guarantee per kWh electricity generation from a determined price for the first ten years of the operation of the power plants. To benefit from this support mechanism, new power plants have to start to operate before the end of June 2021. At the end of 2020, the Government announced a new mechanism to be applicable after June 2021, in which the guaranteed price of the purchased electricity will be determined in TL terms, again for the first ten years of operation. The purchasing unit price is going to be escalated every quarter with a formula combining the inflation rate and FX rates. Should there be an instant termination of this incentive mechanism, the demand for new renewable energy investments would decrease sharply. This situation may be considered an asset-level risk. The Climate Law, prepared by the Turkish Ministry of Environment, Urbanization and Climate Change and planned to come into force by the end of 2022, is expected to include the following subjects; 1) Increasing the amount of renewable energy in energy and what its obligations should be on a sectoral basis over the years, 2) The targets set in transportation and supporting those who invest in line with these targets, 3) Providing additional financial resources, including tax advantages, 4) Penalizing those who produce more emissions related to the Emissions Trading System, encouraging and supporting those producing fewer emissions, 4) Increasing the amount of green areas
Emerging regulation	Relevant, always included	The EU Green Deal proposes a carbon border adjustment mechanism as an option that may bring along the practice of imposing a carbon tax on products exported from Türkiye to the EU region. Such a tax may increase the cost of Turkish export products and reduce their competitiveness. The launch of the emissions trading mechanism in Türkiye as an alternative/complementary element for the carbon border tax has led to discussions in the country. The mechanism will establish a trading system to include emission-intensive sectors. These two developments may affect the sectors that are in TSKB's loan portfolio and will be included in the tax or trading system. On the other hand, supporting these clients' transition investments to be in compliance with the regulation could be an opportunity for the Bank. Also, it is expected that Türkiye will announce its own NDC targets before COP 27. This development will also affect and give direction to the Turkish business world. No decision is taken yet on the introduction of an emissions trading system (ETS) in Türkiye in general as well on its design elements and parameters. However, an emissions trading system is now more important because of the European Union's Green Deal, the legislative and regulatory action plan proposed by the EU Commission to achieve the EU's target of net zero by 2050 and to transition the EU economy to a more sustainable model. Addressing an ETS as a policy tool aimed at cost-effectively reducing greenhouse gas emissions will support Türkiye's fight against climate change.
Technology	Relevant, sometimes included	With the development of technology, it has been realized that the foreign-origin equipment of wind and solar power plants cheapen. Therefore, the investment costs of these projects have been declining over the years. This has been supporting investment appetite and encouraging investors to enter the renewable energy market. This is an asset-level financing opportunity for TSKB that is closely being followed.
Legal	Relevant, always included	Changes in the regulatory framework could lead to an increase in the credit risks of institutions through practices such as carbon tax and tightening of energy efficiency standards. Legal risks arise from clients' non-compliance to regulations related to climate change. Failure to comply with the regulations on climate change paves the way for penalties, deprivation of rights, and reputational risks. Compliance with legal regulations, on the other hand, requires additional investment and cost increases while adapting to changes in legislation and technologies, and cost increases in the harmonization process. ERET model is designed to analyze environmental and social risk with respect to international and Turkish legislation. At the asset level, each project is analyzed in terms of its environmental and social impacts in detail (via Environmental and Social Risk Assessment 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 and social impacts and mitigate the impacts effectively. Loan monitoring starts once the credit is approved. Hence, especially environmental and social legal aspects are always considered and analyzed in terms of asset level risk at TSKB. To note, in June 2022, the Bank also hired a social impact expert to develop further capacity in this field.
Market	Relevant, always included	Türkiye expects to have a regulation concerning the cap and trade system and/or taxation for carbon soon. Companies in energy-intense sectors such as cement, iron, steel, aluminum, and fertilizer will have to invest in emission reduction or energy-efficiency practices to comply with the regulations. Also, a potential cap and trade market may increase the investment appetite of renewable energy investors. Both cases are expected to increase the demand for TSKB's products for financing these potential investments. This situation is considered an asset-level opportunity.
Reputation	Relevant, always included	Having placed sustainability at the core of its business model, TSKB has been breaking new ground in ESG scope for the last 3 decades. This pioneering position helps TSKB to gain a competitive advantage in the market and also the trust of its stakeholders, including investors and several international financial institutions. With its valuable experiences, TSKB attracts potential business plans in Sustainability Management System, Environmental Management System, reporting (CDP, sustainability reporting, integrated report), and green bond advisory services from other companies both in finance and other sectors via its subsidiary Escarus. Besides, TSKB's advisory services have been restructured in 2019. In this context, the Bank offers environmental, sustainability, carbon management, risk management, resilience, and climate change management as well as other technical and financial areas. This is considered an asset-level opportunity for TSKB. Having a mission of being the pioneering bank in Türkiye's sustainable and inclusive 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, TSKB's stakeholders may lose interest in TSKB, which may lead to a drop in the demand for its services and also on its stocks. This situation is considered an asset-level risk for TSKB. Having published the first Climate Risk Report in May 2021, the Bank has introduced a roadmap with numerical targets as well as preparing a sector-based heat map that constitutes the basis of future scenario analysis and stress test studies. The failure to meet these targets without any meaningful rationale can also cause a loss of reputation for TSKB.
Acute physical	Relevant, always included	Climate change has the potential to cause extreme weather events such as storms, hurricanes, floods, droughts, etc. In 2017 summer, Istanbul city experienced two extreme weather events on separate days. TSKB employees were unable to reach the office building. In total, the Bank lost two work days. Since the Bank has already taken necessary cautions in case of such events, the situation has been handled successfully. For example, the bank has action plans to put in operation accordingly and an insurance policy with an average annual cost of \$10K to deal with these kinds of extreme events. To manage this risk, physical measures were taken for infrastructure strengthening studies of the office building. This is considered a company-level risk for TSKB. Also, the Bank invested in a remote working system for such conditions which started to be tested by a number of departments in 2019. It should be noted that the Bank implemented the remote working system after March 2020 due to the Covid-19 pandemic. On the other hand, extreme weather and climate events can affect the operations and efficiencies of renewable energy power plants. For example, hurricanes could prevent wind power plants from functioning due to high wind speeds. In the meantime, droughts and floods can affect hydropower plant operators. In conclusion, these conditions could negatively affect electricity generation in renewable energy power plants. In such cases, the operating/owning companies would not be able to repay their loans. This is considered an asset-level risk.
Chronic physical	Relevant, sometimes included	Studies show that Türkiye will confront serious problems regarding water scarcity by 2030. In 2030, Türkiye is expected to have an annual water potential of 1,120 cubic meters per capita. Water scarcity would affect humans, the environment, and the business world and this would also cause economic, social, governmental, and political problems. Especially water intense industries such as agriculture, textiles, and chemicals 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 water in good condition would become tougher and, 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 to water scarcity for sure will have an effect on their cash flows. Furthermore, other industries would experience spillover effects, and consequently making new investments would be harder. When the chronic physical risks are analyzed, TSKB foresees that number of investments related to water efficiency and desalination will increase. The Bank considers this as an asset-level opportunity that involves financing these new investments, increasing the number of clients, and developing new products for tackling and adapting to climate change. Accordingly, the number of efficiency projects that have been financed by TSKB so far has been nearly 150 as of the 2021 year-end.

C-FS2.2b

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

	We assess the portfolio's exposure	Explain why your portfolio's exposure is not assessed and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2c

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

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Banking (Bank)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	UNEP FI Portfolio Impact Analysis Tool for Banks Risk models Scenario analysis Internal tools/methods	As combating climate change is one of the top priorities for the bank's strategy, we use different already developed tools. But also, developed a Climate Risks Evaluation Tool in-house to integrate climate risks into all of the loan processes.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

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

	We consider climate-related information	Explain why you do not consider climate-related information and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2e

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

Portfolio

Banking (Bank)

Type of climate-related information considered

Emissions data
Emissions reduction targets
Climate transition plans
TCFD disclosures

Process through which information is obtained

Directly from the client/investee
From an intermediary or business partner
Data provider
Public data sources

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

Energy
Materials
Capital Goods

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

In TSKB, combating and adapting to climate change is a matter addressed through the active participation of the Board of Directors and the Executive Committee. Hence the Bank's performance is regularly monitored through the five Committees reporting to the Board of Directors. During the loan allocation stage, steps required to be able to monitor and manage risks that are determined methodologically as well as remedial action are recommended and included in the loan agreement. Likewise, risks identified by relevant teams are followed up on and reported to the Executive Committee. Engineering and technical advisory departments are responsible for the technical, environmental, and social evaluation and monitoring of investment projects at TSKB and may propose practices that increase the capacity and performance of companies to combat and adapt to climate change during the loan monitoring period. TSKB uses two main models in regard to assess climate-related risks. One of them is ERET which has been applied to all eligible investment projects within a sustainability approach that meets the environmental and social standards of development finance institutions. Following environmental and social evaluation and risk categorization by ERET, the environmental and social management plans that should be prepared by the company or the consultant are determined in order to minimize the potential negative effects of investment projects while maximizing their positive effects. The model is periodically reviewed and updated. In addition to ERET Model, in the first half of 2022, the Bank has developed a scoring tool for measuring the level of physical and transition risks in financed projects. The integration of climate change-related risks in our loan evaluation, allocation, and monitoring processes by the end of 2023, is one of the targets that is announced in the Bank's TCFD report. CRET is one of the major steps in this area. CRET also introduces mitigation plans for physical and transition risks in the loan allocation process. Thus, the Bank is able to be aware of these risks in the early stage and aims to mitigate the climate-related credit risk and negative substantive financial impacts. The result of these models plays a crucial role in the decision-making process and shapes the whole climate-related assessment process together.

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Banking portfolio

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
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Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

After the publication of the regulation concerning measurement, verification, and reporting of GHG Emissions for some of the energy-intense sectors in Türkiye in 2011, 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, in 2014. Türkiye signed the Paris Climate Change Agreement on the 22nd of April 2016. Parallel to the content of the Paris Agreement, the implementation of an emission trading system 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 Türkiye. While the EU announced the European Green Deal which is followed by several related directives, there are also ongoing efforts on the Climate Change Law and By-Law on Greenhouse Emission Trading in Türkiye. The EU Green Deal proposes a carbon border adjustment mechanism as an option, which may bring along the practice of imposing a carbon tax on products exported from Türkiye to the EU region. Such a tax may increase the cost of Turkish export products and reduce their competitiveness. The launch of the emissions trading mechanism in Türkiye as an alternative/complementary element for the carbon border tax has led to discussions in the country. The mechanism will establish a trading system to include emission-intensive sectors. These two developments may affect the sectors that are in TSKB's loan portfolio and will be included in the tax or trading system. Moreover, in July 2021, EU Commission released a package of proposals to make the EU's climate, energy, land use, transport, and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. Following this development, Türkiye published its Green Deal Action Plan, which is composed of 32 targets and 81 actions under 9 main themes and aims to support Türkiye's transition to a sustainable economy in line with the SDGs.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

7000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Notwithstanding the situation that some of TSKB's customers are relatively prepared for the changes in regulation and do not consider all the cost increase anticipations, customers may face the risk of not achieving desired and planned levels of profitability and hence the risk of repaying their loan amounts. 14% of TSKB's loan portfolio is composed of energy-intense sectors such as non-renewable energy, steel, automotive, cement, and chemicals. With the assumption that 5 percent of the energy-intense investments might be affected negatively in the form of temporary cash flow problems, the Bank may incur an extra provisional burden as the loan classifications can change. The total financial impact on TSKB is calculated as \$7M.

Cost of response to risk

100000

Description of response and explanation of cost calculation

TSKB has committed not to finance greenfield coal-fired thermal power plants and coal mining investments for electricity generation purposes. As we committed in the Climate Risk Report, the Bank intends to limit the share of power plants generating electricity from non-renewable sources within the Bank's entire loan portfolio to 5%. For other energy-intense sectors, to follow up on the impacts of climate change and climate change-related costs and regulations; TSKB has an in-house technical specialist team, focusing on the potential risks of climate change and specifically for the projects that are at the appraisal stage at TSKB. Recently we also developed the Climate Risks Evaluation Tool (CRET) to integrate climate risks into all stages of the loan process. Every project is analyzed in terms of its environmental and social impacts in detail, taking into consideration both the current and future aspects and financial and legal liabilities. According to the results of the evaluation and risk categorization, TSKB formulates a plan with the customer to monitor the impact and mitigate it. The cost of the loan monitoring procedure consists of labor costs and travel costs. The CRET and ERET activities cause additional workload during the lending operations of the projects. The costs consist mainly of labor costs which occur during inspections. TSKB conducts various studies to analyze the Bank's exposure to and possible impact on sectors that may incur additional carbon costs. In 2020, the Bank worked on a heat map to identify current climate-related risks in TSKB's portfolio and evaluate sectors and clients exposed to transition risk. This study is considered to constitute the basis of future scenario analysis and stress test studies. The Bank has intensified its studies especially on creating the CRET throughout 2021 and eventually finalized the model successfully and integrated it into the loan evaluation and allocation processes in February 2022. In addition, TSKB continues to build inner capacity and attends training

and conferences held by multinational financial institutions and initiatives, the Ministry of Environment and Urbanization, and local initiatives studies in order to update its knowledge and analyze international best practices. To note, TSKB is a member of TUSIAD's Environment and Climate Change Working Group, focusing on climate change issues especially. The total annual cost estimation of all the above-mentioned activities is \$100K.

Comment

With Türkiye's Paris Agreement ratification, ETS and carbon tax issues have gained a lot of importance, and efforts in this direction have accelerated. Currently, it is being studied to develop an inner mechanism that is being worked on by the Ministry of Environment, Urbanization and Climate Change and other relevant authorities in Türkiye due to prevent Turkish export products from reducing their competition power. 14% of TSKB's loan portfolio is composed of energy-intense sectors thus, TSKB expects notwithstanding the situation that some of these firms which have not taken necessary cautions related to emerging regulations to face some problems and struggle to make repayments of their loan amounts. TSKB plans to define and measure the risks before they occur, that's why the Bank uses ERET and CRET models to determine the environmental and social impacts of the projects.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
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Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

Policy and legal risk

Company-specific description

An increase in greenhouse gas emissions from the Bank's use of natural resources, electricity consumption, vehicle use, and business trips may pose a transition risk.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

72000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

TSKB will maintain its position and will grow in the medium term in order to fulfill its mission of supporting the sustainable and inclusive development of Türkiye. As the scope of operations gets larger, the Bank will consume more natural resources. Accordingly, vehicle use and business trips could surge. Regulatory changes can bring new obligations such as neutralizing carbon emissions resulting from direct operations. Subsequently, any non-compliance might result in severe punishments and sanctions.

Cost of response to risk

30000

Description of response and explanation of cost calculation

TSKB periodically monitors and reports all greenhouse gas emissions from its activities within the scope of the SMS in accordance with the ISO 14064 Greenhouse Gas Accounting and Verification Management System. TSKB became a signatory of the Science-Based Targets Initiative (SBTi) in 2015. TSKB has set its science-based reduction targets for GHG from its operational activities by taking the year 2020 as the reference. As part of the 2022 business plan, the Bank is in the process to apply the Science-Based Targets Initiative (SBTi) for the verification of the target and runs the procedure to sign up for UN Net Zero Alliance. The Bank undertakes to reduce Scope 1 emissions by 42% as of 2030 and 63% as of 2035. Please see the related explanation in question C4.1a. These targets comply with the goal of the Paris Agreement to limit the rise in temperature to 1.5 °C. To meet these targets, management has allocated a budget of \$72K for 2022. TSKB has been offsetting greenhouse gases from its operations since 2008 and has been crowned as the first carbon-neutral bank in Türkiye. The Bank has met all its electricity needs (Scope 2) from renewable energy power plants with IREC certification since 2009 and will continue to do so. ISO Working Group members are responsible for managing these voluntary systems and certifications. These full-time employees' costs, third-party consultants' costs, and the green power cost for offsetting GHG emissions constitute the management cost of this activity. Accordingly, the total cost of these activities is expected to be approximately \$30K per year.

Comment

TSKB expects to grow in the future and accordingly consume more natural sources. To limit this, the Bank plans to continue to have met its electricity needs via IREC certification. TSKB became a signatory of the Science-Based Targets Initiative (SBTi) in 2015. TSKB has set its science-based reduction targets for GHG from its operational activities by taking the year 2020 as the reference. As part of the 2022 business plan, the Bank is in the process to apply the Science-Based Targets Initiative (SBTi) for the verification of the target and runs the procedure to sign up for UN Net Zero Alliance.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Banking portfolio

Risk type & Primary climate-related risk driver

Acute physical	Drought
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Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Water scarcity is considered one of the most significant risks in the world according to the Global Risk Report prepared for World Economic Forum and also according to Türkiye's water risk report prepared by World Wide Fund for Nature (WWF). Studies show that Türkiye will confront serious problems regarding water scarcity by 2030. In 2030, Türkiye is expected to have an annual water potential of 1,120 cubic meters per capita. The water supply problem is not only related to precipitation but also related to social, economic, and ecological factors. Water scarcity would affect humans, the environment, and the 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 water in good condition would become tougher, and 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 to water scarcity for sure will have an 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 affected customers.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

25000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

This potential risk would affect TSKB, due to the potential disruption in such companies' loan repayments. Considering that water intense sectors constitute around 16% of the Bank's loan portfolio and 10% of these loans may be affected negatively. This situation may create an extra provisioning burden due to changes in the loan classifications as well as net interest income loss due to probable cash flow problems emanating from loans that may turn into NPL. Consequently, the financial impact on TSKB is calculated as \$25M.

Cost of response to risk

150000

Description of response and explanation of cost calculation

TSKB believes that the sustainability of fresh water is a global issue and has a very critical role in the sustainability of life. Believing in the important role played by efforts energy efficiency (EE) and resource efficiency (RE) in tackling climate change, TSKB has been supporting the EE-RE 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. The engineering department in TSKB assesses all projects specifically and calculates gains from resource savings. As of 2021, 14.6 million tonnes of raw material savings, 1.2 million m3 of water savings, and 55.530 tonnes of waste savings have been realized annually by financing resource efficiency investments from various industries like cement, steel, tourism, chemical, automotive, plastics, textile, etc. 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 also increases water awareness by visiting customers and informing them about resource efficiency including water supply through verbal communication and booklets. In 2022, for a company operating in the packaging sector, TSKB has requested the preparation of a Water Management Plan as a CP before disbursement since the water stress level was identified as high for the region in each scenario and time period where the client's facility is located. Besides, the client heavily relied on groundwater sources. Moreover, with its nearly 72 years of expertise and accumulated know-how, TSKB offers a wide range of advisory services as well as providing SMS-EMS advisory services (through its subsidiary - Escarus) to other companies. In these means, TSKB helps these companies to measure and monitor their water consumption. The annual cost for all these activities is approximately \$150K.

Comment

According to the latest studies, Türkiye is expected to confront serious water scarcity problems by 2030. There are many firms in the Bank's portfolio that depend on water highly to use in their production process. Thus, in such a situation the Bank might have some difficulties getting repayments from some of these water-dependent firms. Taking into consideration that these loans might be NPL, the financial impact on TSKB is calculated as \$25M. To deal with these problems, the Bank plans to allocate water efficiency-related loans and give consultancy to the firms to raise their awareness of probable water-related issues.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Heat wave
----------------	-----------

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

The gradual increase in the average global temperature can cause an increase in cost due to TSKB's office heating and cooling systems. Besides, it may also lead to an increase in TSKB's green gas emissions.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

30000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In such a case, a predicted 20% increase in electricity consumption would increase the operation costs by \$30K.

Cost of response to risk

10000

Description of response and explanation of cost calculation

The business world bears tremendous responsibility for ensuring that the growth and development that it brings today do not threaten the lives and resources of future generations. Through trail-blazing sustainability practices, TSKB has integrated sustainability into all of its own banking service processes. TSKB also does the required energy efficiency investments for its own buildings, when required. In order to decrease greenhouse gas emissions, TSKB has met all its electricity needs (Scope 2) from renewable energy power plants with IREC certification since 2009 and will continue to do so. In addition to the certification, periodic maintenance and improvement activities are carried on by the maintenance team and outsourced companies in accordance with the annual schedule. As a result, the total cost of these operational activities is expected to be approximately \$10K per year.

Comment

In the future, the weather conditions might change. As a result of this, unusual increases and decreases in temperatures may cause a raise in TSKB's costs that rise from office heating and cooling systems. As a precaution against this, TSKB plans to continue the required energy efficiency investments for its own buildings and continues to have met its electricity needs via IREC certification which is ongoing since 2009.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Banking portfolio

Risk type & Primary climate-related risk driver

Acute physical	Drought
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Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Climate change has the potential to increase the average surface and water temperatures and to cause extreme weather events such as storms, hurricanes, floods, droughts, etc. These could affect the operations and efficiency of renewable energy power plants. For example, hurricanes could prevent wind power plants from functioning due to high wind speeds. In the meantime, droughts and floods can affect the operations of hydropower plants. In conclusion, climate change could negatively affect the electricity generation in renewable energy power plants in such ways that the operating/owning companies may not be able to repay loans.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Renewable energy investments have approximately 35% share in TSKB's loan portfolio. The defined risks could discourage investors to invest in renewable energy resources. Other than this, the current renewable energy plants, financed by TSKB, may not be able to produce projected electricity to compensate for loan payments. Taking the extreme weather conditions in Türkiye into account, that would mainly be the hydropower plants that might be affected negatively. Considering that 5 percent of the hydro projects would experience difficulty in their cash flows in this scenario, the magnitude of the total negative impact on the Bank's income is calculated as \$10M.

Cost of response to risk

100000

Description of response and explanation of cost calculation

To closely follow up on the impact of climate-change-related costs and 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. Each project is analyzed in terms of its environmental and social impact in detail, taking into consideration both the current-future aspects. In addition, TSKB developed CRET, to deeply analyze climate risks in the loan processes. According to the results of the evaluation and risk categorization, TSKB formulates a plan to monitor the environmental and social impacts (including the project's impact on climate change) and mitigate the identified impacts. Moreover, loan monitoring is performed after the credit is approved. If any disruptions occur in repayments, TSKB will recover the related amount from the warranty letter or mortgaged assets. TSKB attends the related international sectoral meetings that could contribute to its strategy. Since HPPs are in the high-risk group in terms of climate-related physical risks, TSKB prepared a comprehensive internal study called "The Effects of the 2020-2021 Drought on Hydroelectric Power Plants and the Climate Change Outlook for the Period 2030-2040" to make a general assessment of the negative effects of climate change in the medium term as for the Bank's loans portfolio. The study includes technical evaluations of extreme climate events, such as river floods, together with long-term climatic changes such as average temperature increases and changes in precipitation regimes which are also closely related to HPPs and are caused by climate change. As a result of this project, the Bank developed a road map to monitor certain regions closely and continue conducting comprehensive studies. During the studies to establish the CRET model, the Bank has benefited from the data pool regarding Türkiye's physical climate risks. As a result of the decrease and imbalance in precipitation patterns in recent years, the loan monitoring department has started to make detailed and comparable analyses related to the production numbers of these facilities on monthly basis. For example, the existence of insurance against extreme weather conditions such as floods is also constantly checked for every HPP. With this study, the Bank aims to foresee the customer's ability to pay its debts and act accordingly in a proactive way.

Comment

Climate change might cause extreme weather conditions such as storms, hurricanes, floods, droughts, etc. Consequently, these could negatively affect the electricity generation in renewable energy power plants in such ways that the operating/owning companies may not be able to repay loans. Among these energy projects, HPPs are expected to be negatively affected mostly. Taking into consideration that some of these loans might be NPL, the financial impact on TSKB is calculated as \$10M. To avoid such risks, the Bank gives an effort to analyze and monitors the HPP firms closely and report on their production periodically.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback
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Primary potential financial impact

Other, please specify (Decreased access to DFI funding and other inovative funding products)

Climate risk type mapped to traditional financial services industry risk classification

Market risk

Company-specific description

As a pioneering bank in Türkiye'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 in TSKB, which may lead to a decrease in the demand for TSKB's services and also on its stocks.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In case this risk is realized; as a result of scarce demand from investors, customers, development finance institutions, etc. along with the reputation loss, the estimated financial impact for the Bank could be elevated funding costs. TSKB is a non-deposit bank that mainly relies on external financial funding in the form of loans from development finance institutions and issued bonds. Should the Bank have to resort to other FI funding resources to be obtained from international financial institutions and capital markets instead of DFI funding, the additional cost of funding per year is calculated as \$10M.

Cost of response to risk

120000

Description of response and explanation of cost calculation

Every safeguard issue which can adversely affect TSKB's reputation is considered in the Bank's daily business. SMS enables significant issues to be discussed with senior managers, including board members. All projects are analyzed in terms of their E&S impacts by the engineering department during credit evaluation processes. According

to the results, TSKB seeks solutions with investors to manage investments' risks. The financing is only possible if TSKB is sure that the investor has implemented necessary E&S control and management measures. TSKB also has the right to drop the credit, and withdraw the previously disbursed amount due to projects and adverse impacts. Climate change mitigation and adaptation are also the focus of DFIs which provide funding to the Bank. Besides, every multilateral development bank has its own E&S requirements which TSKB has to fulfill & TSKB has developed its SMS accordingly. To inform stakeholders about its activities, TSKB publishes an integrated annual report & UNGC CoP report. TSKB developed and published the Declaration of Climate Change to express its position regarding climate change in 2016. TSKB is a signatory of IDFC Finance in Common Declaration that refers to sustainable and resilient global recovery, the Paris Agreement, and SDGs, in 2020. It highlights the values TSKB creates for society and stakeholders in every aspect & TSKB's strategy to improve these values. It also identifies the risks & opportunities that result from climate change. Medium and long-term ESG targets and key performance indicators are disclosed on a capital basis in the annual integrated report. In 2021, we have released our Climate Risk Report which is in alignment with TCFD recommendations covering subjects such as strategy, governance, risks&opportunities as well as targets and KPIs. Within the same year, the "Climate Change Mitigation and Adaptation Policy" has also been released to set out the scope and principles of its strategy to combat climate change. As of the YE-21 we included financed emissions in our Scope 3 calculation and verification process of the carbon-intensive sectors in our portfolio which corresponds to 7.5% of the loan book and approximately 70% of the financed emissions. As stated, we are in the process of submissions of the science-based targets including financed emissions at SBT-i and running the procedures for the UN Net Zero Alliance.

Comment

The major cost driver is employee cost for these activities. In order to develop capacity and stay updated, we closely monitor global developments as well as good practices. In addition, we have been active on several platforms giving and receiving feedback and experiences. For example, TSKB is the chair of the Banks Association of Türkiye Sustainability Working Group. In this context, our bank coordinated the update process of the "Sustainability Guide for the Banking Sector", which was published in 2014, and includes good practices of the contribution of the banking and financial sector to sustainable development. The updated guide was published in March 2021. The other important cost item includes the 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 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 domestic and global memberships and signatories, e.g. TUSIAD, UNEP FI, Global Compact, IDFC, Bank Association of Türkiye, and others. These costs equate to approximately \$120K annually.

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

The year 2021 was the year in which the most extreme events were seen in Türkiye, with a total number of 1024, according to the yearly report of the Turkish State Meteorological Service. The most hazardous extreme events recorded in 2021 were heavy rain and floods, wind storms/tornadoes, and hail. The report depicts that there is an increasing trend in the number of recorded extreme weather conditions in the past 20 years. In regard to this, there have been positive temperature anomalies in Türkiye's average temperatures since the 2000s (except 2011) and as a result of this situation, 2021 has been the fourth warmest year since 1971. Excessive rainfall and hail have become more frequent in Türkiye due to climate change, particularly in recent years, and have caused floods in Istanbul. This may pose a risk to the Bank's operations and business continuity.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

0

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

From time to time, changes in the precipitation patterns and extreme weather conditions can cause problems in employees' access to the head office, resulting in losses of working hours. In addition, these extreme conditions can lead to damage to our car fleet and floods at the entrance of the office building. For example, due to the hail storm and flood on different days in 2017, TSKB employees were unable to reach the office building and TSKB lost two work days which has a \$100K financial impact on the Bank. Moreover, the company cars were damaged due to the hailstorm which created a \$5K additional cost for repair works.

Cost of response to risk

10000

Description of response and explanation of cost calculation

TSKB has prepared the necessary action plans (Emergency and Contingency Plan) against climate events such as excessive rainfall, floods, and drought in a way to include all service buildings. Regular updates are in place. Following floods in Istanbul in the past years, infrastructure improvements were made in service buildings. Efforts to strengthen the Bank's business continuity and resilience are coordinated by the Business Continuity Management Committee and the Building Operation and Administrative Affairs Unit. For health and safety issues and to prevent lost work days in such cases, TSKB installed remote working system infrastructure. Pilot testing of the new infrastructure commenced in 2019. It became available for all employees in 2020. 87 percent of the Bank employees worked remotely as of 2020 year-end. The license of the system and employee cost for installing the system has cost around \$25K. With remote working, there has been a substantial decline in natural resource

usages, such as electricity, water, paper, and natural gas consumption in 2020. Recently, a hybrid working system has been adopted by the Bank post-pandemic period. Moreover, physical measures were taken for infrastructure strengthening studies of the office building such as front and rear façade insulation works, additional discharge, and pump line construction. The cost of these studies was \$35K. Lastly, the Bank has already taken necessary cautions to avoid such costs; in this regard, the Bank has developed action plans to put in operation accordingly and expanded its scope of insurance policy which has an average annual cost of \$10K.

Comment

Climate change-related issues can change the precipitation patterns and extreme weather conditions which cause problems in employees' access to the head office, resulting in losses of working hours. To combat these risks, the Bank has developed a highly effective action plan and made some essential infrastructures for strengthening its buildings against such events. Moreover, TSKB has widened its insurance coverage and installed remote working and/or hybrid systems.

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

GHG Monitoring Legislation was published which mandates energy-intensive industries to prepare measurement reports to be submitted to the Ministry of Environment and Urbanization starting from 2016, in 2014. Türkiye signed the Paris Climate Change Agreement on the 22nd of April 2016 and ratified the Agreement in November 2021. Parallel to this, emission trading systems and carbon tax issues have been widely in discussion in the last years by the Ministry and other relevant authorities in Türkiye. The Ministry is undertaking a Project for Market Implementation (PMI) with the assistance of the World Bank which is examining a carbon pricing mechanism. In addition, the Climate Council organized by the Ministry in February 2022 had a specific working group for Green Finance and one of the topics of this working group was to facilitate transition finance for a green and low carbon economy in Türkiye. There are also ongoing efforts on the Climate Change Law and By-Law on Greenhouse Emission Trading in Türkiye. In June 2021, the European Commission released a package of proposals to make the EU's climate, energy, land use, transport, and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. In line with these developments, in July 2021 Ministry of Trade published the Green Deal Action Plan which is a roadmap aiming at the green transformation of Türkiye. In June 2022, EU Parliament voted in favor of three climate laws: revision of existing EU ETS, Carbon Border Adjustment Mechanism (CBAM), and Social Climate Fund as part of Fit for 55. New ETS and CBAM will shift the market for low-carbon alternatives and development in the midterm. Transition finance will be an important topic for the Turkish finance market, and will bring in opportunities for TSKB in the transition finance lending. Companies in energy-intensive sectors will have to invest in emission reduction or energy-efficiency practices to comply with the regulations. Also, a potential cap and trade market may lift the investment appetite of renewable energy investors. Both cases are expected to boost the demand for TSKB's lending and hedging products for the financing of these potential investments. Besides, further to Türkiye's Paris ratification and signed MoU among Türkiye and DFI's to mitigate the climate issues, TSKB has been in the loan appraisal process with 3 separate DFIs for the green transition of Türkiye's economy.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Because of the potential cap and trade system, the demand for TSKB's products in energy efficiency or renewable energy investments as well as consultancy services related to the transition to a low carbon economy may increase. Approximately 90% 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 like SRI / green bonds it issues. In addition, the accumulated knowledge and experience enable the Bank to offer sustainability consultancy services. TSKB may expect about \$250M per year of additional financing opportunities to satisfy the above-mentioned elevated demand. The net interest income from these investments on top of consultancy services is estimated at \$10M annually.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

TSKB has been financing renewable energy and energy-efficiency projects since the mid-2000s, making it one of the leaders in this area. It has committed more than \$5,3B to renewable energy and energy efficiency projects so far. A certain amount of these projects are also financed by TSKB's Green and Sustainable Bonds. Additionally, TSKB's sustainability committee members follow closely the developments in Türkiye regarding the carbon market activities. The Bank also offers sustainability consultancy services through its subsidiary Escarus. TSKB has a broad experience in renewable energy and energy efficiency project financing. Still, the engineering and technical advisory team, which is responsible for the technical evaluation of the projects, needs to closely follow up on the improvements in the technology. This strong internal expertise has also been one of the key strengths of the Bank in terms of the co-establishing a framework for green or sustainable bonds and securing funds from DFIs and investors. TSKB has corporate marketing, project finance, engineering, economic research, loans, and loan monitoring departments working on climate change issues. Performing such internal capacity-building activities (attending conferences and training) is calculated as \$950K per year. The Bank continues to make some syndication agreements to take the opportunity. A loan agreement between TSKB and IBRD for the amount of USD 150 million within the scope of Geothermal Development Project – Additional Financing has been signed on December 21, 2021. In addition, another Loan Agreement signed between TSKB and Japan Bank for International Cooperation (JBIC) for the amount of USD 220 million, within the scope of financing renewable energy and energy efficiency investments targeting to reduce greenhouse gas emissions, was signed on 10.02.2022. The "JBIC GREEN 2" loan is extended with the repayment guarantee of the Republic of Türkiye Ministry of Treasury and Finance. In 2022, the "GEFF-Green Economy Financing Facility" Loan Agreement between TSKB, European Bank for Reconstruction and Development (EBRD), and their donors (Clean Technology Fund (CTF), EBRD Shareholder Special Fund (SSF), the Türkiye-EBRD Cooperation Fund and/or other) for the amount of EUR 53.5 million within the scope of financing the technology and services that support the green economy throughout Türkiye have been signed on 15.04.2022.

Comment

In addition to recent climate-related good practices (mostly about emission trading systems and carbon tax issues) in the world, there are also ongoing efforts on the Climate Change Law and By-Law on Greenhouse Emission Trading in Türkiye. To perform effectively against transition risks, mitigation and adaptation plans should be implemented by the public and private sectors. Thus, TSKB expects that the demand for TSKB's products in energy efficiency or renewable energy investments as well as consultancy services related to the transition to a low carbon economy will increase. TSKB may expect about \$250M per year of additional financing with a net interest income of about \$10M on an annual basis. As of the 2021 year-end, approximately 90% of TSKB's loan portfolio consists of sustainable investments including energy efficiency and renewable energy projects. The Bank plans to grow renewable energy and energy efficiency areas incoming years accordingly.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

The goal of limiting global warming to 1.5-2°C is expected to increase the number of extreme weather events. TSKB also expects an increase in such projects that have a high possibility of facing physical risks including capital expenditure operational costs, asset management, human capital, resource, and energy efficiency. Physical risks arise from the physical impacts of climate change on the organizations' assets, operations, workforce, supply chains, and markets. Long-term climate change causes chronic risks, while extreme climate events lead to acute risks. Therefore, the Bank expects to finance the firms which need to take mitigation and adaptation cautions to tackle such physical risks in the future. For instance, some industrial sectors such as fossil-based conventional electricity generation, hydroelectric power generation, and paper and forestry products can be considered to be high risk and might need funding.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3500000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

It is expected that Türkiye will announce its own NDC targets before COP 27. This development will affect and give direction to the Turkish business world. It is expected that the number of resource and energy efficiency and renewable energy investments would increase accordingly.

Cost to realize opportunity

300000

Strategy to realize opportunity and explanation of cost calculation

Approximately 90% of TSKB's loan portfolio consists of SDG-linked loans. Also, The Bank aims for the ratio of loans contributing to climate and environment-focused SDGs within the total loan portfolio to be at the level of 60%. As of the end of 2021, we have a 15% share in Türkiye's installed power related to renewable energy investments. TSKB's experienced engineering team and energy experts closely monitor the renewable energy industry enabling TSKB to have a high capability of assessing renewable energy, energy efficiency, and resource efficiency projects and also to perform a detailed environmental and social risk evaluation. So far, nearly \$6B financing has been provided to such projects. TSKB also has a dedicated marketing team for solar, wind, geothermal and energy, and resource efficiency projects. On the funding side, the sustainability sub-committee helps develop new funding themes with development finance institutions. All these efforts will be crucial issues in focusing on the right projects regarding financial and technical aspects. TSKB has corporate marketing, project finance, engineering, technical consultancy, economic research, loans, and loan monitoring departments working on climate change issues. These activities are built into the daily business of the staff in these departments. Performing such internal

capacity-building activities is calculated as \$300K per year.

Comment

As a part of climate change, physical risks are expected to emerge and negatively affect the organizations' assets, operations, workforce, supply chains, and markets. This may cause some industrial sectors such as fossil-based conventional electricity generation, hydroelectric power generation, and paper and forestry products to be considered at high risk and those firms might need funding for taking adaptation and mitigation cautions against probable physical risks. TSKB may expect about \$100M per year of additional financing with a net interest income of about \$3.5M on an annual basis from such activities.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other, please specify (Efficiency)

Primary potential financial impact

Reduced direct costs

Thanks to our SMS, electricity cost saving is approximately \$10K on an annual basis.

Company-specific description

TSKB is the first company in the Turkish finance industry with an environmental management system. TSKB has implemented ISO 14001 and ISO 14064 standards which enable to identification and control of environmental and social impacts and significantly constantly improve environmental performance through more efficient use of resources and reduction of waste. This helps TSKB gain a competitive advantage in the market and trust its clients and stakeholders, including investors and several international financial institutions.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

TSKB sets numerical improvement targets regarding its internal environmental impacts. One of them was reducing GHG emissions by 2.5% annually until the end of 2016 compared to 2012 levels. This target has been achieved and overreached by 7% as of 2016. Regarding this target, electricity cost saving is approximately \$10K annually. TSKB has set another target of reducing its average GHG emissions from 2012 to 2016 at least 10% below the average consumption value of the last 5 years till the end of 2021. By the end of 2021, the GHG emission reduction target has been achieved for this target with a percentage of 15.6%. As a science-based target, TSKB commits to reduce absolute Scope 1 GHG emissions by 63% by 2035 from a 2020 base year and TSKB also commits to continue sourcing 100% renewable electricity annually through 2035. Please see the related explanation in question C4.1a. When the latest TSKB GHG inventory is considered for 2020 and 2021 GHG calculations, TSKB has decreased scope-1 GHG emissions by 8% in 2021 compared to 2020. Besides, TSKB consumed 10% less electricity, 5% less paper, and 22% less water compared to the previous reporting period. As stated above, TSKB's Scope 1-2-3 targets are to be submitted to Science Based Target Initiative.

Cost to realize opportunity

20000

Strategy to realize opportunity and explanation of cost calculation

TSKB has a well-structured Sustainability Management System (SMS) in which tasks and roles are defined clearly and distributed across different departments. The system has been certified with ISO 14001 standards since 2007. GHG emissions have been calculated, verified, and offset 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 which consists of 3 board members, the CEO, and 2 executive vice presidents. The Sustainability Sub-Committee and its working groups (WG) assist the Sustainability Committee in achieving its targets. Mainly, "ISO 14001 and ISO 14064 Management System Standards Working Group" is dedicated to working for the renewal of these ISO certifications and following up on targets. For both ISO 14001 and ISO 14064 certifications, TSKB works with accredited third-party consultants. ISO Working Group members are responsible for managing these voluntary systems and certifications. These full-time employees' costs, third-party consultants' costs, and the green power cost for offsetting GHG emissions constitute the management cost of this activity. It is approximately \$20K as of 2021.

Comment

TSKB is the first company in the Turkish finance industry with an environmental management system that provides the Bank competitive and reputational advantage. To protect and advance its leading position, the Bank sets numerical improvement targets and plans to continue to be in line with 14001 and ISO 14064 certifications as well as Gold Standard Carbon Certificates. Moreover, as a science-based target, TSKB commits to reduce absolute Scope 1 GHG emissions by 63% by 2035 from a 2020 base year and TSKB also commits to continue sourcing 100% renewable electricity annually. For further information please see question C4.1a.

Identifier

Opp4

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Markets

Primary climate-related opportunity driver

Access to new markets

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

The estimated figure is around \$550K.

Company-specific description

TSKB has numerous pioneer ships in the Turkish finance sector with respect to ESG issues. These efforts not only enhance the accumulation of knowledge and experience but also boost Bank's reputation, helping TSKB to access new markets with value-added advisory services. In order to perform these services, TSKB established its subsidiary Escarus which provides sustainability consultancy services. Besides, TSKB's advisory services were restructured in 2019. In this context, the Bank offers environmental, sustainability, carbon management, risk management, resilience and climate change management, and other technical and financial areas.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

With its valuable experiences, through its subsidiary Escarus, TSKB provides SMS and EMS, green bond issuance, climate risks reporting (CDP, sustainability and integrated report, carbon emission report) consultancy services to other companies in finance and other reel sectors. With the reorganization of its advisory services in 2019, TSKB also offers environmental, sustainability, carbon management, risk management, and resilience and climate change management advisory services. These services contribute to integrating climate-related issues into the agendas of the related companies with an organized structure. TSKB expects these sustainability advisory services to support its commission income in the next couple of years. In 2021, TSKB and its respective subsidiaries provided 35 advisory services linked to low carbon transition. As of 2021 year-end, total revenues from those projects have been \$1M. The Bank also expects TSKB's advisory services to contribute to TSKB's revenues in the upcoming years.

Cost to realize opportunity

550000

Strategy to realize opportunity and explanation of cost calculation

TSKB has given 35 consultancy services through/together with its subsidiaries. The total operating expenses of these projects pertaining to the year 2021 are approximately \$550K.

Comment

With the growing demand, TSKB expects to access new markets with value-added advisory services. Thus, TSKB and its subsidiaries plan to provide advisory services directly and indirectly linked with low carbon transition. TSKB has given 35 consultancy services through/together with its subsidiaries in 2021 and aims to increase this number in the near future.

Identifier

Opp5

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Turkish government policies about the renewable energy sector have been changing fast over the last few years. The Turkish government strongly supports renewable energy investments to fulfill the electricity demand and maintain its own energy security. Additionally, the feed-in tariff mechanism with FX rates will be valid until June 2021. This situation has accelerated renewable energy investments in recent years. At the end of 2020, the Government announced a new mechanism, which guarantees the purchase of electricity for the first ten years in TL terms. The purchasing unit price will escalate every quarter with a formula combining inflation rates and FX rates. As a result of the announcement of a new mechanism, the demand for TSKB's renewable energy financing products is expected to stay lively.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5500000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Renewable energy is a crucial part of climate change mitigation. Renewable energy investments have surged in recent years with the declining cost of technology and established legislative promoting mechanisms. TSKB's renewable energy loans attained a weight of around 35% within the total loan portfolio. Recently announced regulatory incentives and new technological developments are likely to continue boosting renewable energy investments, contributing to TSKB's financial strength. TSKB estimates that up to 2022, the potential for financing this area is about \$150M. The net interest income from these investments is estimated at \$5,5M annually.

Cost to realize opportunity

400000

Strategy to realize opportunity and explanation of cost calculation

TSKB, the first bank in Türkiye to grant a loan linked to environmental protection and industrial pollution control, started intensive renewable energy financing in the early 2000s. The energy projects funded by TSKB range from hydroelectric power plants to solar, wind, biomass, and geothermal power plants. The total installed power of 387 projects financed by TSKB is 8,239 MW, which represents 15% of Türkiye's total installed capacity in renewable energy. With these renewable energy projects, the Bank backs the acceleration of the transition to a low-carbon economy through the prevention of 12.8 million tons of carbon emissions on an annual basis. Moreover, TSKB has also supported EE and RE projects since 2013. The Bank has financed more than USD 1 billion to nearly 150 efficiency projects so far. In order to finance the aforementioned investments, TSKB provides international funds, most of which are aimed to use climate-friendly investments in order to mitigate global climate change. These funds are developed with the coordination of the development finance institutions (DFI) department. Through this coordination, DFI Team closely works with Engineering and Technical Advisory, Corporate Marketing, and Project Finance Departments in order to manage the activities for the better suitable fundraising and prompt utilization of medium to long-term funds from DFIs, 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 \$400K can be considered as the cost to manage all of these activities including inner capacity development, training, and market research.

Comment

Renewable energy is a crucial part of climate change mitigation. When considering regulatory developments and mitigation targets against transition risks, EE and RE projects are expected to grow in the near future with the effect of governmental incentives. In this regard, TSKB plans to grow its projects related to renewable energy investments. As a result, TSKB may expect about \$150M per year of additional financing with a net interest income of about \$5,5M on an annual basis from such activities.

Identifier

Opp6

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

According to the water risk report of Türkiye prepared by WWF, Türkiye will confront serious problems regarding water scarcity by 2030. In 2030, Türkiye is expected to have an annual water potential of 1,120 cubic meters per capita. Some regions of Türkiye are already faced with drought and water shortages due to the temperature increase. Therefore, the number of investments that are related to water efficiency and water desalination is expected to increase. TSKB considers this as an opportunity that involves financing these new investments, increasing the number of clients, and developing new products for tackling climate change.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

500000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Efficiency investments are expected to gain more importance in the near future and TSKB has financed efficiency projects surpassing \$1 billion so far. To note, The Bank targets to provide \$8 billion of SDG-related finance to its clients in the next ten years. Considering that water intense sectors such as hydroelectric power generation, non-renewable electricity generation, paper, and forestry products, etc. constitute 16% of the loan portfolio of TSKB, in the future this portion of the loan portfolio will conduct water consumption reduction and desalination projects which could create a new investment opportunity for TSKB that would be around \$15M on an annual basis. The net interest income impact from these new investments is estimated at \$0.5M.

Cost to realize opportunity

50000

Strategy to realize opportunity and explanation of cost calculation

TSKB targets to finance water efficiency projects in order to protect natural resources. Especially engineering team of TSKB specifically studies these projects. Also, employees from various departments attend water efficiency training, panels, and summits related to water issues. TSKB's engineering team studies water scarcity issues. The marketing team seeks for water efficiency projects to finance such investments. Also, TSKB works on a project to secure water efficiency theme funds regarding climate mitigation projects from DFIs. The estimated cost of market and technical research allocated working hours is approximately \$50K.

Comment

Türkiye is expected to confront serious problems regarding water scarcity by 2030 according to the latest studies. It means that there might be an increase in investments related to water consumption reduction and desalination projects. TSKB which water intense sectors constitute 16% of the loan portfolio may expect about \$150M per year of additional financing with a net interest income of about \$5,5M on an annual basis from such activities.

Identifier

Opp7

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Products and services

Primary climate-related opportunity driver

Other, please specify (Development of new funding themes and access to new funding)

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

TSKB has been proceeding with its activities with the mission of being the pioneering bank in the sustainable growth of Türkiye and also climate change issues. This adopted manner has provided the opportunity to access as well as secure climate-specific loans. Approximately 90% of TSKB's loan portfolio consists of SDG-linked loans. These loans are developed to tackle climate change through mitigation and adaptation investments. Supporting the transition to a low-carbon economy and enlarging the green markets of Türkiye is at the top of TSKB's strategic priorities. In line with its strategy, TSKB has been in constant engagement with its stakeholders, including investors, International Financial Institutions, policymakers, NGOs, etc. As a result of these efforts, TSKB has gained a capacity and the opportunity that enables the Bank to access more environmentally responsible funding.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

500000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

TSKB has a wide range of sustainable products. The collaboration with stakeholders enables TSKB to access both climate-specific loans and investors in its long-term competitive success. Given the sustainability-themed funding base, TSKB will continue to support sustainable finance. For this issue, TSKB is expected to raise nearly \$500M in climate-related funding comprising DFI funding and alternative ESG loans in 2022. With respect to its loan book, approximately 90% of TSKB's loan portfolio consists of SDG-linked loans, and the ratio of climate-related loans in this ratio is 62%. TSKB has a target of financing USD 8 billion of SDG-linked investments between 2021-2030, and the Bank is committed to keeping the weight of the SDG-linked loans over 90 percent between 2021-2025. TSKB expects a surge in the demand for its ESG products. Besides, thanks to our continuous relationships with DFIs, we spend dedicated efforts on capacity building in terms of following the latest trends and implementing the best practices with respect to sustainability and climate change issues.

Cost to realize opportunity

150000

Strategy to realize opportunity and explanation of cost calculation

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 3 board members, the CEO, and 2 executive vice presidents. The Sustainability Sub-Committee and its working groups assist the Sustainability Committee in achieving its targets. 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. Besides, 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 2021 which arises from the internal works, including man-hours of various department staff.

Comment

Approximately 90% of TSKB's loan portfolio consists of SDG-linked loans. To support the transition to a low-carbon economy and enlarge the green markets of Türkiye, TSKB aims to maintain strong relationships with DFIs and widen its sustainability and climate-themed funding in the coming years. For this issue, TSKB is expected to raise nearly \$500M in climate-related funding comprising DFI funding and alternative ESG-focused loans in 2022.

C3.1

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

Row 1

Transition plan

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

Publicly available transition plan

Yes

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

We have a different feedback mechanism in place

Description of feedback mechanism

Given TSKB's full compliance with the corporate governance principles and its sustainability policy, stakeholders and their opinions are highly important to the Bank. Annual General Meetings we hold every year in March are conducted in compliance with Turkish legislation. In the current environment, at these meetings, resolution items are mostly about financial data, financial audits, and the board of directors. Nonetheless, the Chairman of the Board of Directors and the CEO present key ESG developments from the year. All shareholders can propose items to the agenda and ask questions on any subject during the General Meeting. Although we have not received any questions about ESG issues so far, there is no doubt that in the upcoming meetings our low carbon transition plan and long-term targets will be on the agenda. However, in order to become a scheduled resolution item, there must be changes in general practices as well as legislative settings. We would like to note that, apart from the annual general meetings, our investor relations team is always accessible answering all financial and non-financial questions and accept feedback online or by phone as well as via the contact form on our website. As an institution that cares about its stakeholders' expectations, needs, and priorities and reflects them on its strategy, the stakeholder and materiality analysis we carry out every 2 years is an important feedback mechanism about financial and non-financial issues. According to the analysis made in 2020 and contributing to our 2021 strategy, combating climate change and supporting and financing adaptation to climate change was determined as the most important issue both for internal and external stakeholders

Frequency of feedback collection

More frequently than annually

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

TSKB Climate Risk Report.pdf

TSKB 2021 Integrated Annual Report.pdf

TSKB Climate Change Mitigation and Adaptation Policy.pdf

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future

<Not Applicable>

Explain why climate-related risks and opportunities have not influenced your strategy

<Not Applicable>

C3.2

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

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

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

Climate-related scenario		Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios	IEA B2DS	Business activity	<Not Applicable>	TSKB has used the IEA B2DS scenario to set sectoral GHG reduction targets for some sectors such as cement and iron and steel. In addition, our clients' GHG reduction targets are checked against this scenario where applicable. Both intensity and absolute reduction targets can be obtained. Moreover, as part of TSKB's detailed technical and financial due-diligence process for its clients and their assets/projects for the potential investment or working capital loans, climate change-related transition risks are assessed by using 4 different parameters which are; direct emission costs, indirect emission costs, increase in CAPEX and revenue change. The clients' capacity to manage these transition risks is also considered during the assessment using the in-house tool developed by TSKB and Escarus named Climate Risk Evaluation Tool (CRET) for Transition Risks. Only a 1.5 oC scenario is used for the assessment with the CRET. The qualitative result of the transition risk assessment can vary between 0 and 5 and the corresponding quantitative results are categorized by TSKB as very low, low, low-medium, medium, medium-high, high, and very high risk. It should be noted that (for transition risks) adaptation capacity scores given for the clients or their assets/projects are mainly based on the review of the clients' strategy & targets together with their low carbon transition plan, process, and technology utilized by the assets/projects, GHG emissions per unit product, etc.
Transition scenarios	IEA NZE 2050	Business activity	<Not Applicable>	TSKB has used the NZE 2050 scenario to set sectoral GHG reduction targets for the power generation sector. In addition, our clients' GHG reduction targets are checked against this scenario where applicable. Both intensity and absolute reduction targets can be obtained for power generation. Moreover, as part of TSKB's detailed technical and financial due-diligence process for its clients and their assets/projects for the potential investment or working capital loans, climate change-related transition risks are assessed by using 4 different parameters which are; direct emission costs, indirect emission costs, increase in CAPEX and revenue change. The clients' capacity to manage these transition risks is also considered during the assessment using the in-house tool developed by TSKB and Escarus named Climate Risk Evaluation Tool (CRET) for Transition Risks. Only a 1.5 oC scenario is used for the assessment with the CRET. The qualitative result of the transition risk assessment can vary between 0 and 5 and the corresponding quantitative results are categorized by TSKB as very low, low, low-medium, medium, medium-high, high, and very high risk. It should be noted that (for transition risks) adaptation capacity scores given for the clients or their assets/projects are mainly based on the review of the clients' strategy & targets together with their low carbon transition plan, process, and technology utilized by the assets/projects, GHG emissions per unit product, etc.
Physical climate scenarios	RCP 4.5	Facility	<Not Applicable>	Physical climate risks are assessed by considering 9 different climate hazards including landslides, droughts, heavy rain and floods, wildfires, strong wind, heat waves, sea-level rise, water stress, and average temperature increase. Furthermore, the clients' adaptation capacity (at the facility level) to manage these physical risks is also considered during the assessment using the inhouse tool of TSKB named CRET for Physical Risks, which has been developed in collaboration with TSKB, Escarus, and external consultant team (from academia and climate scientists; as scientific data supplier). The qualitative result of the physical risk assessment can also vary between 0 and 5 and the corresponding quantitative results are categorized by TSKB as very low, low, medium, high, and very high risk. The physical risk assessment results are obtained for four different cases; including two climate scenarios (RCP4.5 and RCP8.5) and two time periods (2021-2040 and 2040-2060). It should be noted (for the physical risks) that adaptation capacity scores given for the clients or their assets/projects are mainly based on the review of the process and technology utilized by the assets/projects, location of the assets/projects, water usage per unit product, etc.
Physical climate scenarios	RCP 8.5	Facility	<Not Applicable>	Physical climate risks are assessed by considering 9 different climate hazards including landslides, droughts, heavy rain and floods, wildfires, strong wind, heat waves, sea-level rise, water stress, and average temperature increase. Furthermore, the clients' adaptation capacity (at the facility level) to manage these physical risks is also considered during the assessment using the inhouse tool of TSKB named CRET for Physical Risks, which has been developed in collaboration with TSKB, Escarus, and external consultant team (from academia and climate scientists; as scientific data supplier). The qualitative result of the physical risk assessment can also vary between 0 and 5 and the corresponding quantitative results are categorized by TSKB as very low, low, medium, high, and very high risk. The physical risk assessment results are obtained for four different cases; including two climate scenarios (RCP4.5 and RCP8.5) and two time periods (2021-2040 and 2040-2060). It should be noted (for the physical risks) that adaptation capacity scores given for the clients or their assets/projects are mainly based on the review of the process and technology utilized by the assets/projects, the location of the assets/projects, and water usage per unit product, etc.

C3.2b

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

Row 1

Focal questions

TSKB conducts scenario analysis to make forward-looking assessments of climate-related physical and transition risks. In addition to the risks, TSKB believes that scenario analysis is an important and useful tool for assessing potential opportunities. For the physical risks, frequency and severity of climate hazards (acute and chronic) are different depending on both scenarios (RCP4.5 and RCP8.5) and time periods (2021-2040 and 2040-2060) used. So, the main question is how the frequency and severity of climate hazards will change for a specific project and asset. Another important question is what is the level of the relevant project or assets' adaptation capacity to manage climate risks. As part of its climate risk evaluation process, TSKB makes an assessment by considering the adaptation capacity of clients' projects or assets for 9 climate hazards during the utilization of its CRET and identifies their general risk level in the above-mentioned scenarios and time periods. Based on the results, TSKB may request additional management plans. For example, for a company operating in the packaging sector, TSKB has requested the preparation of a Water Management Plan as a CP before disbursement since the water stress level was identified as high for the region in each scenario and time period where the client's facility is located. Besides, the client heavily relied on groundwater sources. For the transition risks, TSKB only utilizes the 1.5oC-aligned scenario, which corresponds to the worst case in terms of transition risks for the carbon-intensive sectors. TSKB also examines the clients'/projects' capacity to manage transition risks. Within this scope, a comparison of the technology with best practices is made, current GHG emissions (absolute and physical intensity) levels are checked, and the availability of a low carbon transition plan and GHG reduction targets are questioned. As a note, TSKB requested the GHG and production data from clients operating in carbon-intensive sectors in 2021 during the measurement of financed emissions. GHG and production data availability and knowledge of clients' transition-related implementations and plans also helped TSKB to assess the Carbon Border Adjustment Mechanism's potential impact on the portfolio firms in early 2022.

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

Climate-related risks in TSKB's portfolio were identified through a sector-based heat map as detailed in the TSKB's first Climate Risk Report (CRR) published in 2021. The study is considered to constitute the basis of future scenario analysis studies. TSKB has also reinforced its climate risk scenario analysis through various case studies conducted in 2021 and early 2022. To give an example to the case studies on the physical risks side, the energy sector is closely monitored by the Engineering and Loan Monitoring Departments as it has a significant weight in the lending portfolio and is a sector that is both critical for Türkiye and vulnerable to climate-related risks. Therefore, RCP4.5 and RCP8.5 climate scenarios were used by TSKB to assess the impacts of acute (floods and droughts) and chronic (water stress) risks on hydroelectric power plants in the portfolio as detailed in the CRR. Based on the study, due to the expected decline in gross water potentials in the medium term, the HPPs in the Fırat Dicle, Eastern Black Sea and Kızılırmak basins will be monitored more closely. Excessive precipitation is a major extreme weather event that can adversely affect HPP operations. When the current river flood risk map obtained from Aqueduct was examined, it was observed that HPPs that are located in the Black Sea Region in the TSKB's loan portfolio are exposed to higher flood risk. Regarding the transition risks, TSKB has focused on the potential impacts of carbon pricing-related implementations on its clients operating in carbon-intensive sectors including non-renewable energy, cement, iron, steel, aluminum, and fertilizer production. Following BRSA's request from banks, the clients are rated on a 5-level scale taking into account clients' EU export income, dependency on the EU market, probability of compensation in case of EU market loss, group's financial standing, and credit ratings. Relevant implementations include Carbon Border Adjustment Mechanism (CBAM), which was proposed by the European Commission as part of the "Fit for 55" package and still under discussion in the EU Parliament, and also potential national regulations such as the Emissions Trading System (ETS) which is on the agenda of national policymakers. TSKB has conducted detailed case studies for its clients operating in the cement sector by considering different ETS prices. The results showed that the Turkish cement sector is sensitive to potential carbon pricing implementations when unit allowance certificate prices of 50 and 90 EUR are considered. Therefore, it is important for the Turkish cement sector to reduce their GHG emission intensities at their plants. In addition to the portfolio level heat map and case studies summarized above, TSKB started to apply transaction-based Climate Risk Evaluation Tools (CRET) for both physical and transition risks to make a deeper analysis at the client and asset level for investment and working capital loans and shape its strategy accordingly

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>With its dynamic business model, TSKB offers different products and services in line with global developments and government policies to its customers' needs. Although the effects of climate change have started to be felt tangibly and heavily, and the climate-related risks and opportunities are being evaluated by institutions in recent years TSKB included climate change among its main focus areas many years ago. Climate Change Mitigation and Adaptation Policy In 2021, we published the Climate Change Mitigation and Adaptation Policy as a complementary policy to the Sustainability Policy, to publicly communicate our basic principles regarding climate change. Climate Risk Working Group, which was established in 2020, is following global literature and analyzing the potential impact of developments, working on measuring our Bank's financial risks arising from climate change, conducting and managing scenario-based analyzes in order to measure the effects of risk factors in the medium and long term, and integrating them into our risk model. Renewable Energy Financing As of YE-21, the share of renewable energy projects in our total loan portfolio is 35%. The energy projects funded by TSKB range from hydroelectric power plants to solar, wind, biomass, and geothermal power plants. The total installed power of 387 projects financed by TSKB is 8,239 MW, representing 15% of Türkiye's total installed capacity in renewable energy. Within the scope of the fight against climate change, we monitor the sensitivity of the sectors in our portfolio to climate risk with the Portfolio Heat Map, in line with TCFD recommendations and we undertake that we will not finance greenfield coal-fired thermal power plants and coal mining investments for electricity generation purposes. As of YE-21, the coal-fired power plants have a 3.8% share in the total portfolio. Investment Banking and Advisory Services We started to expand the current climate and environment-oriented impact we created in corporate banking, which accounts for approximately 70% of our revenues, with the other 2 main lines of our business model. For example, in November 2021 we issued a bond with the transition to a low carbon economy theme on behalf of our customer Palen Enerji. With this issuance, our customer committed to reducing its carbon emissions by 65%.</p>
Supply chain and/or value chain	Yes	<p>TSKB's value creation model is a multi-dimensional structure that blends with its mission, vision, and the outputs of its business model are shaped by its strategy and long-term targets and cover all its stakeholders. This structure makes it possible to dynamically evaluate risks and opportunities, adapt international developments in line with national policies and customers' needs, and develop innovative products and services. TSKB Sustainability Consultancy – Escarus Our subsidiary Escarus which specialized in sustainability consultancy, provided a comprehensive advisory service to The Foreign Economic Relations Board (DEİK) to support the transition of the industrial sector to a carbon-free economy in line with the expectations of the European Green Deal, in 2021. Seed Ball Project with ecoring TSKB collaborates with ecoring under seed ball shoots project which is an emerging afforestation technique adopted worldwide. Noting that, seed balls are most commonly used for ecological restoration, TSKB plans a total of 150 thousand airborne seed ball shoots in a year on behalf of the companies to which the Bank extends loans. Aiming to shoot 100 seeds for each USD 1 Million-loan in compliance with the SDGs, TSKB will also increase its support for social entrepreneurs through its cooperation with ecoring. Sustainable Borrowing Agreements Sustainability is also at the center of our funding structure, as are our products and services, which evolve in the light of climate risks and opportunities. In addition to the themed agreements we signed with DFIs and the green/sustainable bonds we have issued, both syndicated loans and other bilateral funding agreements in recent years have been labeled sustainable. While ESG-focused borrowing agreements account for 80% of the funding structure, all agreements signed in 2021 are ESG themed or linked to sustainability criteria. Following the issuance of green/sustainable bonds in 2016 and sustainable subordinated bond in 2017, we successfully completed our Third Sustainable Bond Issuance in January 2021. TSKB completed its third sustainable issuance with a six times oversubscription rate and zero new issue premium. One-third of the successfully completed issuance consists of ESG funds. Funds obtained through bonds are used to finance green and social projects in line with the Sustainable Finance Framework.</p>
Investment in R&D	Yes	<p>Climate change poses financial risks to the banking sector but also presents a variety of opportunities. Climate Risk WG is working on measuring our Bank's financial risks arising from climate change, conducting and managing scenario-based analyzes in order to measure the effects of risk factors, and integrating them into our risk model. In 2021, the Group published the first Climate Risk Report in the financial industry in May in line with TCFD recommendations. 5-year Roadmap (2021-2025) The evaluation of the loan portfolio in terms of climate risk, which started in 2020, will be finalized and climate risk will be integrated into the loan evaluation and monitoring procedures. Also, a climate risk management approach will be developed and full compliance will be achieved with the TCFD recommendations. In 2021, efforts on the assessment of physical and transition risks arising from climate change and their integration into all loan processes continued. In this context, the CRET was developed, pilot applications were completed, and started to submit to the Credit Evaluation Committee. Each member of the group attends training on climate risks and opportunities. In line with our roadmap, in 2021 we have calculated the emissions of our clients operating in carbon-intensive industries which account for 7.5% of the loan portfolio which corresponds to ~70% of the GHG emissions of the total loan portfolio. In addition, we are currently in the process of applying for SBTi approval for our emission targets. Representation on national and international platforms We believe that sharing knowledge and experience with the initiatives, DFIs, IFIs, authorities, and regulators, which have adopted climate change awareness long ago and have technical and practical experience in the international arena, and we have long-term cooperation is very important for deep, dynamic, and rapidly developing issues such as climate risks and opportunities. During the COP26, we held a panel themed "Climate and Gender Equality" at the IDFC Pavilion, organized by TSKB and IDFC Secretariat, and in cooperation with AFD and BICE. Bank Association of Türkiye organized and TSKB, as the chair of the Sustainability Working Group took part in video conferences on "Possible Impacts of Risks and Opportunities Arising from Climate Change on the Banking Sector" and "European Union Green Deal" in 2021</p>
Operations	Yes	<p>TSKB's well-structured Sustainability Management System (SMS) is responsible for measuring and monitoring the internal environmental impacts of the Bank's operations. Holding ISO14001 and 140064 certificates, TSKB is also exposed periodically to third-party audits. The SMS Working Group evaluated our Bank's Scope 1 emission sources in 2021 and determined its emission reduction potential. Consequently, long-term Scope 1 and Scope 2 emission reduction targets were set in line with the Science-Based Targets published for the finance industry and communicated in the Climate Risk Report. In this context, we undertake to reduce our Scope 1 (direct) emissions by 42% by 2030 and by 63% by 2035. (Please see the related explanation in question C4.1a) Please kindly note that since I-REC certified renewable energy is used in the buildings, therefore our Scope-2 emissions are zero. Business World Plastics Initiative In November 2019, the Business World Plastics Initiative Platform was established by Global Compact Türkiye, SKD Türkiye, and TUSIAD to continue its work on a voluntary basis. As a signatory to the Business World Plastics Initiative commitments in 2021, our Bank published its plastic reduction targets: By 2022, we aim to prevent 0.8 tons of plastic consumption per year. In addition, by the end of 2022, we aim to remove 100% of the single-use plastic water bottles used by all our employees and guests in the bank and switch to the use of glass bottles. Thus, we expect 0.5 tons of plastic consumption per year to be prevented. Sustainability Development Program The "Sustainability Development Program" was designed with the contributions of our subsidiary Escarus and business units in order to increase the level of knowledge and awareness of employees on sustainability, climate change, ESG risks, and opportunities. Finish Water Index Survey In 2021, we had our employees fill out the water-saving awareness questionnaire in order to determine the total water commitment of the employees and to raise awareness on this issue. As a result of the survey, which was completed with a participation rate of 40% throughout our Bank, a commitment was made to reduce water use by approximately 1 m3 per person per year.</p>

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Acquisitions and divestments Access to capital Assets Liabilities Provisions or general reserves	<p>TSKB defines climate risks and opportunities from the internationally-recognized perspective of physical risks and transition risks. From this point of view, it examines the risks and opportunities created by climate change within the organization in terms of direct and indirect effects. The Bank defines direct and indirect risks and opportunities in the short (< 1 year), medium (1-5 years), and long term (> 5 years) and analyses the effects of these risks and opportunities on the organization's activities, strategy, and financial structure. As part of physical and transition risks, transition to a low-carbon economy is expected to present new opportunities for TSKB in the fields of financing, investment banking, and advisory services. It is predicted that the transitional process will increase the demand for renewable energy as well as other products and services with a low carbon footprint. Case Study - Extreme Weather Events Excessive rainfall and hail have become more frequent in Türkiye due to climate change, particularly in recent years, and have caused floods in Istanbul. This may pose a long-term physical risk to the Bank's operations and business continuity. TSKB has prepared the necessary action plans (Emergency and Contingency Plan) against climate events such as excessive rainfall, floods, and drought in a way to include all service buildings. Regular updates are in place. Following floods in Istanbul in the past years, infrastructure improvements were made in service buildings. Efforts to strengthen the Bank's business continuity and resilience are coordinated by the Business Continuity Management Committee and the Building Operation and Administrative Affairs Unit. In this context, approximately 1 million TL investment was made in 2021. Although the efforts against this risk have increased the Bank's costs, these steps taken to protect it from major damages, in the long term, are important. Case Study – Carbon Pricing Policies The Carbon Border Adjustment Mechanism (CBAM), which was proposed by the European Commission as part of the "Fit for 55" package and is still under discussion, is expected to have an impact on the trade between the EU countries and developing countries including Türkiye. Such a tax may increase the cost of Turkish export products and reduce their competitiveness. The launch of an emissions trading mechanism in Türkiye as an alternative/complementary element for the CBAM has led to discussions in Türkiye. These two developments may affect some sectors in TSKB's loan portfolio such as cement and iron and steel. TSKB has conducted various studies to analyze the Bank's exposure to and possible impacts on sectors that may incur additional carbon costs. Accordingly, the Bank has actively followed the outputs of the PMR Türkiye project on Turkish carbon markets and monitored the related developments in Türkiye (draft legislation and plans regarding the implementation of an ETS) closely. In addition, several case studies have been conducted in the Bank regarding the proportion of vulnerable sectors within the portfolio and sectoral risks of carbon pricing for the case that an emission trading system would be put into practice. The heat map study also contributed to the evaluation of the sectors and clients exposed to the aforementioned transition risk. Case Study – New Product Development Transitioning to a low-carbon economy will increase the demand for investments in this area. Thus, the need for low-carbon financing will also increase. This will allow TSKB to develop new loan themes and products. As investment demands increase particularly in the fields of renewable energy, resource efficiency, circular economy, the transition of the manufacturing sector, energy efficiency, and low carbon emissions investments, the need for funds is expected to rise simultaneously. TSKB offers thematic funds secured from development financial institutions serving the sustainable development of Türkiye and the transition to a low-carbon economy. It also works to diversify its low-carbon and climate finance funds. The Bank is one of the leading institutions in Türkiye in financing renewable energy projects which play a key role in combating climate change. Geothermal Development Project Loan In addition to the Geothermal Development Project Loan received from the World Bank in 2016, we provided a loan of USD 150 million on December 21, 2021. Provided under the repayment guarantee of the Ministry of Treasury and Finance of the Republic of Türkiye, the funds will be used to finance the geothermal investments of private companies in Türkiye. Case Study – New Service Development Türkiye's transition to a low-carbon economy requires restructuring of companies. This is expected to increase the demand for TSKB's advisory services in sustainability and a low-carbon or carbon-neutral economy. In addition to projects such as the computation of carbon footprint and carbon offsetting, it is expected that the demand for advisory services will increase in different fields such as low-carbon investment plans and green bond issuances for climate finance. TSKB offers services in areas such as climate change, transition to a low-carbon economy, and green bond consultancy via both its own technical advisory services and the sustainability consultancy services that Escarus, a subsidiary, offers. Escarus, services of which are 100% sustainability linked, has accomplished 34 projects which support the transition to a low-carbon economy in 2021. Turkish Ministry of Energy and Natural Resources Project The project is carried out by an international consortium led by Escarus. Under the advisory services that will continue in 2022, it was aimed to provide training courses on energy efficiency, ISO 50006, ISO 50015, measurement, and evaluation in order to improve the technical capacities of the representatives of the Ministry, energy efficiency companies (ESCO) and energy audit companies, to update the existing training materials of the Ministry on energy efficiency, and to improve the capacity of the training center.</p>

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's transition to a 1.5°C world?

Yes

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's transition to a 1.5°C world.

Financial Metric

OPEX

Percentage share of selected financial metric aligned with a 1.5°C world in the reporting year (%)

5.4

Percentage share of selected financial metric planned to align with a 1.5°C world in 2025 (%)

10

Percentage share of selected financial metric planned to align with a 1.5°C world in 2030 (%)

10

Describe the methodology used to identify spending/revenue that is aligned with a 1.5°C world

TSKB's YE-21 OPEX was around USD 2.7 million. 5.4% of these expenses were related to the transition to a 1.5-degree world. 53% of these low carbon transition expenses resulted from consultancy services received in the scope of climate change and reporting, and the remaining 47% are from infrastructure investments which included the change of fire extinguishers to reduce our Scope 1 emissions and carbon offsetting. Capacity Enhancement – Knowledge Banking TSKB is a development bank that employs engineers and industry experts, where stakeholders apply not only for their financing needs but also for technical advisory. Putting the fight against climate change at the heart of its strategy, the Bank receives consultancy services to increase its technical knowledge and determine its roadmap. Thanks to this consultancy service, the knowledge of the relevant experts within the bank increases, risks and opportunities are evaluated, and potential business lines and innovative products are created. Infrastructure Investments and Carbon Offsetting In 2021, TSKB started planning necessary investments for emission reduction in buildings. Also, as part of the zero-carbon banking activities carried out since 2008, we continue to offset all direct and indirect emissions, excluding those originating from newly financed projects. To note, in 2021 emission reduction targets were determined by taking into account the 2020 greenhouse gas emissions inventory, using the internationally accepted Science-Based Target Initiative guidelines. Accordingly, we committed in the Climate Risk Report to reducing direct emissions by 63% until 2035 (Please see the related explanation in question C4.1a) and to continue to provide 100% of its premises' electricity needs from renewable energy sources, which hold the International Renewable Energy Certificate (I-REC). Upcoming Period According to our effective carbon management strategy, in the upcoming period, we will continue the infrastructure investments to be able to be in line with our targets. Also, we plan to increase the number of electric cars in our fleet. In addition, the increase in carbon pricing will cause an increase in our expenses within the scope of our offset works. Therefore, in the upcoming period, we foresee that our expenses for the transition to a low-carbon economy will be higher than 5% of OPEX.

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

Yes, our framework includes both policies with client/investee requirements and exclusion policies

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

Banking (Bank)

Type of policy

Credit/lending policy

Policy related to other products and services

Engagement policy

Portfolio coverage of policy

100

Policy availability

Publicly available

Attach documents relevant to your policy

<https://en.tskb.com.tr/en/sustainable-banking/tskb-surdurulebilirlik-yonetim-organizasyonu/our-sustainability-policy>

Tskb-Sustainable-Procurements-Management-Policy.pdf

TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf

TSKB Climate Change Mitigation and Adaptation Policy.pdf

Criteria required of clients/investees

Other, please specify (GHG emissions per unit product and having targets and transition plan are considered within the scope of climate risk assessment conducted by TSKB using its inhouse tools named CRET for both physical and transition risks)

Value chain stages of client/investee covered by criteria

Direct operations only

Timeframe for compliance with policy criteria

No timeframe

Industry sectors covered by the policy

Energy

Materials

Capital Goods

Commercial & Professional Services

Transportation

Automobiles & Components

Consumer Durables & Apparel

Consumer Services

Retailing

Food & Staples Retailing

Food, Beverage & Tobacco

Household & Personal Products

Health Care Equipment & Services

Pharmaceuticals, Biotechnology & Life Sciences

Software & Services

Technology Hardware & Equipment

Semiconductors & Semiconductor Equipment

Telecommunication Services

Media & Entertainment

Utilities

Real Estate

Exceptions to policy based on

<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

GHG emissions per unit product and having targets and a transition plan are considered within the scope of a climate risk assessment conducted by TSKB using its in-house tools named CRET for both physical and transition risks. Based on CRET results, TSKB engages with its clients and recommends developing a climate transition plan and develop GHG reduction targets. TSKB and its subsidiary Escarus also services to provide technical and sustainability consultancy to help its clients with GHG measuring, setting GHG reduction targets, and preparation of transition plans. TSKB has requested verified GHG reports from its clients which are subject to national MRV Regulation since the beginning of 2021. In 2022, TSKB also started to collect activity data from its clients on their fossil fuel use and electricity generation as part of the TSKB Engineering Department's technical due-diligence studies within the scope of the credit appraisal process. In 2021, TSKB also committed not to finance greenfield coal-fired thermal power plants and coal mining investments for electricity generation purposes. ERET Model Since 2007, ERET Model has been applied to all investment projects on which TSKB focused. This process requires a comprehensive assessment, and the extent of the environmental and social impacts is discussed in cooperation with investors prior to lending. In light of the project evaluation results, issues to be managed and the actions to be taken are determined and communicated to the investors. Lending begins when all of these processes have been completed and the project risk management plan has been prepared. The annual evaluation results of the ERET Model are publicly reported on our website. At the start of the loan process, the relevant project plans are monitored by our engineers or independent environmental and social consultants. We meticulously monitor the implementation of these plans and manage the environmental and social risks of the projects it finances. The ERET Model is also in line with the criteria in the Equatorial Principles, which are based on standards of the IFC and the World Bank and implemented by banks operating in developed economies. Exclusion List <https://en.tskb.com.tr/i/assets/document/pdf/TSKB-List-of-activities-that-are-not-to-be-financed.pdf> Greenfield coal-fired thermal power plants and coal mining investments for electricity generation purposes (as committed in the TSKB's first Climate Risk Report).

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

Portfolio

Banking (Bank)

Type of exclusion policy

All Coal

Coal mining

Other, please specify (As of YE-21, there are no projects from the following sectors in our loan portfolio: Oil from tar sands, Oil from shale, Gas from shale, Arctic oil and gas, Ultra-deepwater oil and gas, Fracked oil and gas, Liquefied natural gas)

Year of exclusion implementation

2021

Timeframe for complete phase-out

Other, please explain (TSKB will set science based GHG reduction targets for the electricity generation asset class. To achieve its ambitious targets, TSKB will be working on phasing out coal along with its net zero endeavors.)

Application

New business/investment for new projects

Country/Region the exclusion policy applies to

Turkey

Description

As we declared last year in the Climate Risk Report, we commit not to finance greenfield coal-fired thermal power plants and coal mining investments for electricity generation purposes. Also, we aim to limit the share of power plants generating electricity from non-renewable resources within our Bank's entire loan portfolio to 5%. As of YE-21, the share was 3.8%. In addition, we have a list of activities in which we do not directly involve financing. The list includes the themes and sectors that we commit not to finance in line with our ESG perspective and our Sustainability Policy. The list is publicly disclosed on our website.

C-FS3.8

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

	Climate-related covenants in financing agreements	Primary reason for not including climate-related covenants in financing agreements	Explain why your organization does not include climate-related covenants in financing agreements and your plans for the future
Row 1	Yes	<Not Applicable>	<Not Applicable>

C-FS3.8a

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

Types of covenants used	Asset class/product types	Please explain
Purpose or use of proceeds clause refers to sustainable project Margin or pricing depends on sustainability criteria Legal mandate to obtain third party verification Covenants related to compliance with your policies	Corporate loans Trade finance Project finance	TSKB, whose 80% of its funding structure and 90% of its loan portfolio are linked to ESG, provides financial support to its customers in many different themes such as energy and resource efficiency, women's employment and equal opportunity, renewable energy, EU Green Deal, circular economy, midcap financing, regional development, industrial development, health and safety, environmental pollution abatement in industry, innovation, social infrastructure including health, education, clean transportation, research development. DFI Funding Funding through DFIs, which is disbursed in a "use of proceeds" approach, accounts for 65% of the funding structure of TSKB, being one of the well-known Turkish banks in the international financial markets. The Bank works in close cooperation with DFIs. Each agreement has different requirements and covenants related to the respective theme. In line with the requirements of the agreement, the information and documents we request from our customers are followed up by our engineering team, and if necessary, independent third-party opinions are taken. Third Sustainable Bond Issuance Following the issuance of the green/sustainable bond in 2016 and the sustainable subordinated bond in 2017, we successfully completed our Third Sustainable Bond Issuance in January 2021. Funds obtained through bonds are used to finance green and social projects according to the Sustainable Finance Framework updated in line with ICMA principles and global trends. SDG Loan Model In 2020, TSKB implemented the SDG Loan Model developed with its subsidiary, Escarus. In this context, with the SDG Evaluation Tool, the performance of companies in the social, economic, and environmental areas is evaluated and action plans are determined. In the final stage of the process, companies are offered improved financing costs depending on their assessed impacts. Working Capital Loans ERET Besides the investment loans, Our Bank monitors the environmental and social impacts and performance of its customers which it has granted working capital loans. In 2021, environmental and social risk assessments were carried out within the scope of a total of 62 investment loans and 42 working capital loans. E&S Action Plans have been drawn up for these loans and their implementation is followed up. In addition, with the climate change focus, CRET was developed, pilot applications were completed, and started to submit to the Credit Evaluation Committee.

C4. Targets and performance

C4.1

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

Absolute target

C4.1a

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

Target reference number

Abs 1

Year target was set

2017

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 3

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Other (upstream)

Base year

2016

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

530.2

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

0

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

397.6

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

927.8

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

100

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

100

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

100

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

100

Target year

2021

Targeted reduction from base year (%)

10

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

835.02

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

449

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

0

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

350.1

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

798.3

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

139.577495149817

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

<Not Applicable>

Please explain target coverage and identify any exclusions

The absolute target of TSKB was to reduce average GHG emissions of 2012-2016 by 10% until the end of 2021. 2016 is defined as the base year as it is stated in reporting guidance since the target has been based on average GHG emissions over 5 years period. Average GHG emissions (Scope 1+ Scope 2 + Scope 3(upstream)) of TSKB was 927.80 tons CO2e over 2012-2016. The target was to reduce to 835.02 tons over 2017-2021. In the reporting year, total GHG emissions were calculated as 798.3 tons/year. In the last 5 years (2017-2021), the average was 783 tons of CO2e which corresponds to a reduction of 15.6% when compared to the 2012-2016 period. Therefore, the target has been achieved. Please note that TSKB has one additional small office in Ankara for sales purposes. GHG emissions of the Ankara office have been excluded due to the ignorable amount.

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

<Not Applicable>

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

Improvements in building systems (especially in the cooling system) decreased the amount of GHG emissions due to fugitive gases. A decrease in business travel by plane has helped GHG emission reduction as well. Precautions due to the Covid-19 pandemic and perception change to plane usage for sustainability among employees were the main contributors.

Target reference number

Abs 2

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2 accounting method

<Not Applicable>

Scope 3 category(ies)

<Not Applicable>

Base year

2021

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

449

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

<Not Applicable>

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

<Not Applicable>

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

449

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

100

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

<Not Applicable>

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

<Not Applicable>

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

100

Target year

2035

Targeted reduction from base year (%)

58.8

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

184.988

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

449

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

<Not Applicable>

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

<Not Applicable>

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

449

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

0

Target status in reporting year

New

Is this a science-based target?

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

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

Please note that TSKB has one additional small office in Ankara for sales purposes. GHG emissions of the Ankara office have been excluded due to the ignorable amount. TSKB previously disclosed its GHG reduction targets for Scope 1 by taking 2020 as the base year with its Climate Risk Report dated May 2021 as well as in the Integrated Report of 2021. However, the GHG measurement methodology has been changed in late 2021 (This is why TSKB had higher Scope 1 emissions in 2021) and the new TSKB GHG inventory complies with SBTi's criteria. Therefore, TSKB has changed the base year to 2021 for the target setting since TSKB's 2021 GHG inventory is the most updated and comprehensive GHG inventory. TSKB will submit its targets (Abs 2) to SBTi for validation before the end of October 2022 by taking 2021 as the base year and 2035 as the target year for all scopes (Scope 1, 2 & 3).

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

There are four action areas in order to achieve our target: 1) Modernization investment for fire extinguishing system. It includes changing the cooling gas which has a very high GWP (from FM200 to Novec1230). 2) Modernization investment in cooling (chiller) system. It includes changing the cooling gases which have very high GWP. 3) Modernization investment in natural gas burning (boiler) systems. It includes changing the existing boiler with the new boiler. This change will reduce natural gas consumption. 4) New investment in company-owned cars. It includes changing the existing diesel-fueled cars with the new hybrid (first) or electric (later) cars. This change will reduce diesel consumption-related emissions.

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

<Not Applicable>

Target reference number

Abs 3

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2 accounting method

<Not Applicable>

Scope 3 category(ies)

<Not Applicable>

Base year

2020

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

420

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

<Not Applicable>

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

<Not Applicable>

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

420

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

100

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

<Not Applicable>

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

<Not Applicable>

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

100

Target year

2030

Targeted reduction from base year (%)

42

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

243.6

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

449

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

<Not Applicable>

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

<Not Applicable>

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

449

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

-16.4399092970522

Target status in reporting year

Replaced

Is this a science-based target?

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

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

TSKB previously disclosed its GHG reduction targets for Scope 1 by taking 2020 as the base year with its Climate Risk Report dated May 2021 as well as in the Integrated Report of 2021. However, the GHG measurement methodology has been changed in late 2021 (This is why TSKB had higher Scope 1 emissions in 2021) and the new TSKB GHG inventory complies with SBTi's criteria. Therefore, TSKB has changed the base year to 2021 for the target setting since TSKB's 2021 GHG inventory is the most updated and comprehensive GHG inventory. TSKB will submit its targets (reported as Abs 2) to SBTi for validation before the end of October 2022 by taking 2021 as the base year and 2035 as the target year for all scopes (Scope 1, 2 & 3).

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

<Not Applicable>

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

<Not Applicable>

Target reference number

Abs 4

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2 accounting method

<Not Applicable>

Scope 3 category(ies)

<Not Applicable>

Base year

2020

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

420

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

<Not Applicable>

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

<Not Applicable>

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

420

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

100

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

<Not Applicable>

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

<Not Applicable>

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

100

Target year

2035

Targeted reduction from base year (%)

63

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

155.4

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

420

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

<Not Applicable>

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

<Not Applicable>

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

449

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

-10.9599395313681

Target status in reporting year

Replaced

Is this a science-based target?

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

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

TSKB previously disclosed its GHG reduction targets for Scope 1 by taking 2020 as the base year with its Climate Risk Report dated May 2021 as well as in the Integrated Report of 2021. However, the GHG measurement methodology has been changed in late 2021 (This is why TSKB had higher Scope 1 emissions in 2021) and the new TSKB GHG inventory complies with SBTi's criteria. Therefore, TSKB has changed the base year to 2021 for the target setting since TSKB's 2021 GHG inventory is the most updated and comprehensive GHG inventory. TSKB will submit its targets (reported as Abs 2) to SBTi for validation before the end of October 2022 by taking 2021 as the base year and 2035 as the target year for all scopes (Scope 1, 2 & 3).

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

<Not Applicable>

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

<Not Applicable>

C4.2

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

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

Other climate-related target(s)

C4.2a

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

Target reference number

Low 1

Year target was set

2009

Target coverage

Company-wide

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2008

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

1431

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

0

Target year

2021

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

100

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

100

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

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

Yes, TSKB uses green electricity from I-REC-certified renewable power plants in order to achieve zero-emission in Scope 2.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

Since July 2009, TSKB has been consuming green electricity produced from renewable energy power plants and sourcing 100% electricity from the renewable energy company of Aydem Energy. The official document obtained from Aydem Energy is attached in further sections. TSKB will continue to use green electricity.

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

<Not Applicable>

List the actions which contributed most to achieving this target

TSKB is committed to using green electricity in its operations.

C4.2b

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

Target reference number

Oth 1

Year target was set

2021

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

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

Green finance	Other, please specify (Share of loans linked to climate and environment focused SDGs in total loan portfolio (%))
---------------	---

Target denominator (intensity targets only)

<Not Applicable>

Base year

2021

Figure or percentage in base year

60

Target year

2021

Figure or percentage in target year

62

Figure or percentage in reporting year

62

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

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

No, it is not. It is a company target evaluated under 2021 natural capital targets and realizations were disclosed and shared transparently with our stakeholders, employees, investors, etc. via the 2021 Integrated Report which is publicly available on our website. Besides, this target (and realization) was verified by PwC which is one of the Big Four financial reporting and accounting advisory services. Details are accessible through the following link and page number; <https://www.tskb.com.tr/uploads/file/f17ffcf8faba57dc3d9acfe4ee9850e-1647361412444.pdf> , page 76.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

This target was an annual company target. Because of that reason, the target set year, base year, and target year were disclosed as 2021. The figure in the base year was written the same as the figure in the target year and reporting year. It was aimed to maximize the share of climate and environment-linked investments in the total loan portfolio, at least 60% between 2021 and 2025. At the end of the reporting year, it was realized as 62% and the target is achieved for 2021.

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

<Not Applicable>

List the actions which contributed most to achieving this target

TSKB has implemented its road map to increase the share of climate and environment-linked loans within its portfolio. TSKB will continue to work to sustain and increase the environment and climate-linked loans by increasing its partnerships with multilateral development banks to provide climate change mitigation & adaptation and circular economy-themed loans to the Turkish real sector during the next years.

Target reference number

Oth 2

Year target was set

2021

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

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

Fossil fuel reduction target	Other, please specify (100)
------------------------------	-----------------------------

Target denominator (intensity targets only)

<Not Applicable>

Base year

2021

Figure or percentage in base year

5

Target year

2021

Figure or percentage in target year

3.8

Figure or percentage in reporting year

3.8

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

100

Target status in reporting year

New

Is this target part of an emissions target?

Yes, TSKB is working on setting science-based targets for the power generation-related asset classes and will submit its targets to the SBTi in 2022 for validation.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

This target was a yearly company target. Because of that reason, the target set year, base year, and target year were disclosed as 2021. The figure in the base year is

written the same as the figure in the target year and reporting year. It was aimed to minimize the share of non-renewable electricity in the total loan portfolio at most 5%. At the end of the reporting year, it was realized as 3.8% and the target is achieved.

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

It was aimed to minimize the share of non-renewable electricity in the total loan portfolio at most 5%. At the end of the reporting year, it was realized as 3.8% and the target is achieved. The share of non-renewable electricity generation, which is considered to be a high-risk sector in terms of transition risks, is already negligible within TSKB's loan portfolio. To note, TSKB declared in its Climate Risk Report dated May 2021 that it will not finance greenfield coal-fired thermal power plants and coal mining investments for electricity generation purposes.

List the actions which contributed most to achieving this target

<Not Applicable>

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	3	109
To be implemented*	2	136
Implementation commenced*	0	0
Implemented*	1	35.7
Not to be implemented	0	0

C4.3b

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

Initiative category & Initiative type

Fugitive emissions reductions	Refrigerant leakage reduction
-------------------------------	-------------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

35.7

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

Scope 1

Voluntary/Mandatory

Voluntary

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

0

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

0

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

R-410a gas leakage has been prevented via mechanical maintenance.

C4.3c

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

Method	Comment
Financial optimization calculations	After approval by the manager of the data owner, the activity data related to the identified emission sources is collected through the workflows semi-annually. Corresponding GHG emissions from each source are calculated by using an in-house tool named "Carbonmeter" which utilizes internationally recognized calculation methodologies. By using the data obtained by the tool, the amounts and distribution of the emissions from different sources are analyzed. If a potential reduction opportunity is identified during the assessment, the monetary cost of implementation is calculated accordingly. TSKB's Sustainability Management System (SMS) Working Group (former ISO 14001-14064 Working Group) studies and reports their findings regarding the potential improvement areas for reductions in GHG emissions together with all environmental activities to the Sustainability Management Committee and Sustainability Committee. The results of Carbonmeter results of the latest year are compared with the GHG emissions of the previous years and as well as the targets of the reporting year. If needed, appropriate countermeasures are proposed for any deviations. At the end of each year, the SMS Working Group Responsible presents the results of TSKB GHG inventory report (together with the environmental activities of the SMS team) and presents all potential GHG reduction strategies to the Bank's top management. Investment decisions have been made according to the payback period and investment cost gathered from financial optimization calculations. After obtaining the top management's approval on reduction strategies for the next year, SMS Working Group plans and organizes its projects with specific targets and time schedules. Finally, after the implementation, the measurements are conducted and a comparison with the previous values is made to understand the scale of positive impact. All these steps in data management and calculation methodology for GHG inventory have been defined by a procedure named "P-7: Greenhouse Gas Emissions" which is fully integrated with TSKB's Sustainability Management System. The procedure is kept updated considering the latest version (2018) of ISO 14064-1 Standard.
Internal price on carbon	TSKB calculates its GHG emissions each year. The calculated emissions are verified according to ISO 14064-3 by an accredited verifier since 2012 and offset via purchasing carbon credits (from Gold Standard) from the voluntary carbon market annually, since 2009. It is anticipated that the unit price of high-quality carbon credit will increase over time considering the increased awareness among the private sector companies to operate more climate-friendly or to become carbon neutral. Thus, demand for carbon credits will increase and raise the price of the unit price of carbon credits. Thus, TSKB monitors the increased carbon offset prices and considers them in its operations since the offsetting expenses are included in the annual budget plans. Therefore, it is a motivation for TSKB to reduce its emissions and change its business positively. Please note that GHG reduction in line with science is a priority for TSKB.
Other (Lenders' and investors' expectations to achieve Paris Agreement-aligned world)	Several regulatory mechanisms have been developed and precautions continue to be taken all around the world in line with the goal of the Paris Agreement. International investors have become more sensitive regarding the Financial Institutions (FIs) impacts on climate change. In addition to the investors, the Development Finance Institutions (DFIs) want to ensure that the financial flows to sustainable activities/clients. Some of the international lenders also expect to see our emission reduction targets and initiatives. In order to meet the investor and lender expectations and also take the advantage of lower interest ratios for long-term debts, TSKB is now working on new emission reduction initiatives and will set science-based targets to limit its contribution to climate change by considering its portfolio.

C-FS4.5

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

Yes

C-FS4.5a

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

Product type/Asset class/Line of business

Banking	Project finance
---------	-----------------

Taxonomy or methodology used to classify product

Internally classified

Description of product

TSKB supports its clients by offering sustainable products and services that provide low carbon and circular solutions. Renewable energy, energy efficiency (EE) and resource efficiency (RE) finance thematic loans are constituted as sustainability products. The percentage of Sustainable Development Goals (SDG) linked loans in the loan portfolio by the end of 2021 is approximately 90%. By the end of 2021, TSKB-funded renewable energy installed capacity has reached 8.239 MW and 387 projects, with a total investment amount of \$12.3B of which \$5.0B was committed for the loan by TSKB, between 2003 and 2021. As of 2021, TSKB allocated \$1B to 149 EE and RE projects. In order to report renewable energy funding results based on carbon dioxide reduction and performance indicators, TSKB has calculated Türkiye's emission factor for its own internal use. Starting from 2009, this emission factor was used to calculate and report carbon reductions in renewable energy and EE investments. Annual GHG emissions in Türkiye were reduced by 15.8M tons by financing these sustainable products including renewable energy, EE, and RE investments. Additionally, TSKB issued its Green/Sustainable Bond which is the first issuance in Türkiye and 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 2017, TSKB issued its first subordinated bond, which was also a Subordinated Sustainable Bond and was thus crowned as the first of its kind in the world. The bond issuance worth \$300M was four times oversubscribed through investor diversification, reflecting the long-term confidence investors had in the Bank's issuance. In January 2018, TSKB issued the first Eurobond of the year in the sector. The issuance was worth \$350M and had a maturity of 5 years. To sum up, with its successful sustainable products and services, TSKB has been awarded by international platforms such as Euromoney, Financial Times, IFC, CDP, Global Capital, and IFR. TSKB, which became a signatory to the United Nations Global Compact in 2010, contributes directly or indirectly to all of the Sustainable Development Goals.

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

Mitigation
Adaptation

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

7187851518

% of total portfolio value

89

Type of activity financed/insured or provided

Green buildings and equipment
Low-emission transport
Renewable energy
Carbon removal

Other, please specify (Energy efficiency and resource efficiency, adaptation investments)

Product type/Asset class/Line of business

Banking	Corporate loans
---------	-----------------

Taxonomy or methodology used to classify product

Internally classified

Description of product

TSKB supports its clients by offering sustainable products and services that provide low carbon and circular solutions. Renewable energy, energy efficiency (EE) and resource efficiency (RE) finance thematic loans are constituted as sustainability products. The percentage of Sustainable Development Goals (SDG) linked loans in the loan portfolio by the end of 2021 is approximately 90%. By the end of 2021, TSKB-funded renewable energy installed capacity has reached 8.239 MW and 387 projects, with a total investment amount of \$12.3B of which \$5.0B was committed for the loan by TSKB, between 2003 and 2021. As of 2021, TSKB allocated \$1B to 149 EE and RE projects. In order to report renewable energy funding results based on carbon dioxide reduction and performance indicators, TSKB has calculated Türkiye's emission factor for its own internal use. Starting from 2009, this emission factor was used to calculate and report carbon reductions in renewable energy and EE investments. Annual GHG emissions in Türkiye were reduced by 15.8M tons by financing these sustainable products including renewable energy, EE, and RE investments. Additionally, TSKB issued its Green/Sustainable Bond which is the first issuance in Türkiye and 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 2017, TSKB issued its first subordinated bond, which was also a Subordinated Sustainable Bond and was thus crowned as the first of its kind in the world. The bond issuance worth \$300M was four times oversubscribed through investor diversification, reflecting the long-term confidence investors had in the Bank's issuance. In January 2018, TSKB issued the first Eurobond of the year in the sector. The issuance was worth \$350M and had a maturity of 5 years. To sum up, with its successful sustainable products and services, TSKB has been awarded by international platforms such as Euromoney, Financial Times, IFC, CDP, Global Capital, IFR and etc. TSKB, which became a signatory to the United Nations Global Compact in 2010, contributes directly or indirectly to all of the 17 Sustainable Development Goals.

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

Mitigation
Adaptation

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

7187851518

% of total portfolio value

89

Type of activity financed/insured or provided

Green buildings and equipment
Low-emission transport
Renewable energy
Carbon removal
Other, please specify (Energy efficiency and resource efficiency, adaptation investments.)

C5. Emissions methodology

C5.1

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

No

C5.1a

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

Row 1

Has there been a structural change?

No

Name of organization(s) acquired, divested from, or merged with

<Not Applicable>

Details of structural change(s), including completion dates

<Not Applicable>

C5.1b

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

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in methodology	In 2021, TSKB conducted the GHG emission calculations in accordance with the rules and principles of ISO 14064-1:2018 Standard. Previous reporting years (2020) calculations have been conducted in accordance with ISO 14064-1:2006 Standard. Change of reference standard version caused 2 major methodological changes in emission calculations different from the previous reporting year. In the previous years, for Scope 1, the subsidiaries' (they also operate in TSKB buildings) natural gas consumption was separated from TSKB's GHG inventory according to their number of employees and allowed meter square space. In the reporting year, whole natural gas consumption has been added to TSKB inventory by the requirement of the operational control approach mentioned in ISO 14064-1:2018 Standard. As the boiler was controlled by TSKB. This change has increased TSKB's Scope 1 emissions. For Scope 3, thanks to the broadening of emission sources by the requirement of ISO 14064-1:2018 Standard, more emission sources have been added to TSKB inventory such as employee remote work activities, employee meals, capital goods, purchased services, and financed emissions. These changes have increased TSKB's Scope 3 emissions significantly.

C5.1c

(C5.1c) Have your organization's base year emissions been recalculated as result of the changes or errors reported in C5.1a and C5.1b?

	Base year recalculation	Base year emissions recalculation policy, including significance threshold
Row 1	Yes	TSKB previously disclosed its GHG reduction targets for Scope 1 by taking 2020 as the base year with its Climate Risk Report dated May 2021 as well as in the 2021 Integrated Report. However, the GHG measurement methodology has been changed in late 2021 and the new TSKB GHG inventory complies with SBTi's criteria. Therefore, TSKB has changed the base year to 2021 for the target setting since TSKB's 2021 GHG inventory is the most updated and comprehensive GHG inventory. TSKB will submit its targets to SBTi for validation before October 2022 by taking 2021 as the base year and 2035 as the target year for all GHG Scopes.

C5.2

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

Scope 1

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
449

Comment

Emission sources are boiler (natural gas consumption), company cars (fuel consumption), and fugitive gases (fire extinguishers, chillers, air conditioners, etc.) In 2021, TSKB conducted the GHG emission calculations in accordance with the rules and principles of ISO 14064-1:2018 Standard. In the previous reporting year (2020), calculations have been conducted in accordance with ISO 14064-1:2006 Standard. Change of reference standard version caused 2 major methodological changes in emission calculations different from the previous reporting year. In the previous years, for Scope 1, the subsidiaries' (they also operate in TSKB buildings) natural gas consumption was separated from TSKB's GHG inventory according to their number of employees and allowed meter square space. In the reporting year, whole natural gas consumption has been added to TSKB inventory by the requirement of the operational control approach mentioned in ISO 14064-1:2018 Standard. As the boiler was controlled by TSKB. This change has increased TSKB's Scope 1 emission when compared to 2020 (Scope 1 was calculated as 420 tones).

Scope 2 (location-based)

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment

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

Scope 2 (market-based)

Base year start
January 1 2021

Base year end
December 31 2021

Base year emissions (metric tons CO2e)
0

Comment

We are reporting a Scope 2, market-based figure. TSKB has been consuming green electricity which is produced from renewable energy production plants and sourcing 100% electricity from the renewable energy company of Aydem Energy.

Scope 3 category 1: Purchased goods and services

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

139.3

Comment

Emissions (30.1 tons) due to employee meals as purchased goods, which are served for lunch in the office, have been calculated as the multiplication of the annual number of purchased meals from TSKB records and emission factor from the Bilan Carbone emission factor database. Emissions (109.2 tons) due to security, cleaning, and education as purchased services, which are used for office operations, have been calculated as the multiplication of annual spending in Euro equivalent from TSKB records and emission factors from the Bilan Carbone emission factor database.

Scope 3 category 2: Capital goods

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

33.7

Comment

Emissions due to owned cars as capital goods, which are used for banking operations, have been calculated as a multiplication of the number of cars from TSKB records and emission factors from the Bilan Carbone emission factor database. Also, emissions due to owned furniture as capital goods services, which are used for office operations, have been calculated as the multiplication of annual spendings in Euro from TSKB records with consideration of amortization period of goods and emission factors from Bilan Carbone emission factor database.

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

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

All fuel and energy-related activities have been disclosed under Scope 1 and Scope 2.

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

Emissions due to upstream transportation of paper-work items, plastic water, glass water, and meals, which are used for office operations, have been calculated as the multiplication of total distance of transportation in km from TSKB records, average fuel consumption per km from online sources and emission factors from IPCC Guidelines for National Greenhouse Gas Inventories. However, calculated emission for each partial emission source has been considered as insignificant in terms of quantitative perspective, importance in banking operations, etc, and they were excluded from Scope-3 emissions.

Scope 3 category 5: Waste generated in operations

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

Emissions due to household waste, plastic, glass, paper, and battery waste, which are generated due to office operations, have been calculated as a multiplication of the total amount of waste generated in kg from TSKB records and emission factors from Defra Environmental Reporting Guidelines emission factor database. However, calculated emission for each partial emission source has been considered as insignificant in terms of quantitative perspective, importance in banking operations, etc, and they were excluded from Scope-3 emissions.

Scope 3 category 6: Business travel

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

46.9

Comment

Emissions due to using planes for business travel, which are used for banking operations, have been calculated as the multiplication of total km distance and the number of total passengers from TSKB records and emission factors from the Carbon Planet GHG Emissions Resulting from Aircraft Travel emission factor table.

Scope 3 category 7: Employee commuting

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

130.4

Comment

Emissions due to employee service buses as employee commuting have been calculated as the multiplication of total distance of transportation in km from TSKB records, average fuel consumption per km from online sources, and emission factors from IPCC Guidelines for National Greenhouse Gas Inventories. Also, emissions due to employee remote working activities have been calculated as a multiplication of annual remote working days using TSKB Human Resources' records and emission factors from the Ecometrica database for homeworkers.

Scope 3 category 8: Upstream leased assets

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

TSKB has no leased assets from other entities. There are leased company cars but fuel consumption has been already evaluated under Scope 1.

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

TSKB is a financial institution and has no product sold, transported, or distributed physically.

Scope 3 category 10: Processing of sold products

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

TSKB is a financial institution and has no products sold to third parties and processed physically.

Scope 3 category 11: Use of sold products

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

TSKB is a financial institution and has no goods and services sold physically.

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

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

TSKB is a financial institution and has no goods and services sold physically.

Scope 3 category 13: Downstream leased assets

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

TSKB has no owned assets to lease to other entities.

Scope 3 category 14: Franchises

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

The business of TSKB is not operated under a license that is sold or distributed to another company's goods or services within a certain location which defines the franchise business model. Since this model does not fit the business model of TSKB, this emission category is not relevant.

Scope 3 category 15: Investments

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

2748096

Comment

TSKB's verified Scope 3 – (category 15) emissions data includes the "financed emissions" (category 5 as per ISO 14064-1:2018). Financed clients, which are operating in carbon-intensive sectors (non-renewable power generation, cement, and iron-steel sectors) and have provided their verified MRV reports of their plants to TSKB, have been considered while calculating the "financed emissions" of TSKB. Both Scope 1 (Process and fossil fuel burning-related emissions obtained from the clients' MRV Reports) and Scope 2 (electricity consumption-related) emissions of the clients' power plants or industrial plants have been taken into account during our measurement. Outstanding risks and total equity and debt data have also been used to calculate the TSKB's attribution factor for each client as per the PCAF's methodology. Although the selected industries cover nearly 7.5% of the TSKB loan book, they constitute a significant part (between 60% - 70%) of TSKB's total financed emissions when the breakdown of the global and/or Türkiye's GHG emissions as per sectors based on the publicly available TurkStat and IEA data.

Scope 3: Other (upstream)

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

There are no other Scope 3 emission sources relevant to TSKB operations.

Scope 3: Other (downstream)

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

There are no other Scope 3 emission sources relevant to TSKB operations.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Bilan Carbone

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

US EPA Center for Corporate Climate Leadership: Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases

Other, please specify (IPCC Fifth Assessment Report, Carbon Planet GHG Emissions Resulting from Aircraft Travel, Ecometrica for Homeworkers Factors)

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

449

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Emission sources are boiler (natural gas consumption), company cars (fuel consumption), and fugitive gases (fire extinguishers, chillers, air conditioners, etc.) In 2021, TSKB conducted the GHG emission calculations in accordance with the rules and principles of ISO 14064-1:2018 Standard. Previous reporting year (2020) calculations have been conducted in accordance with ISO 14064-1:2006 Standard. Change of reference standard version caused 2 major methodological changes in emission calculations different from the previous reporting year. In the previous years, for Scope 1, the subsidiaries' (they also operate in TSKB buildings) natural gas consumption was separated from TSKB's GHG inventory according to their number of employees and allowed meter square space. In the reporting year, whole natural gas consumption has been added to TSKB inventory by the requirement of the operational control approach mentioned in ISO 14064-1:2018 Standard. As the boiler was controlled by TSKB. This change has increased TSKB's Scope 1 emissions.

C6.2

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

Row 1

Scope 2, location-based

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

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

TSKB has been consuming green electricity which is produced from renewable energy production plants and sourcing 100% electricity from an I-REC certified renewable energy power plant of the renewable energy company Aydem Energy. An official document, which contains the details of redeeming certificates generated from a hydropower plant in Türkiye, has also been obtained from Aydem Energy by TSKB.

C6.3

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

Reporting year

Scope 2, location-based

<Not Applicable>

Scope 2, market-based (if applicable)

0

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

TSKB has been consuming green electricity which is produced from renewable energy production plants and sourcing 100% electricity from an I-REC certified renewable energy power plant of the renewable energy company Aydem Energy. An official document, which contains the details of redeeming certificates generated from a hydropower plant in Türkiye, has also been obtained from Aydem Energy by TSKB for the year 2021.

C6.4

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

No

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

139.3

Emissions calculation methodology

Average data method

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

100

Please explain

Emissions (30.1 tons) due to employee meals as purchased goods, which are served for lunch in the office, have been calculated as the multiplication of the annual number of purchased meals from TSKB records and emission factor from the Bilan Carbone emission factor database. Emissions (109.2 tons) due to security, cleaning, and education as purchased services, which are used for office operations, have been calculated as a multiplication of annual spending in Euro equivalent from TSKB records and emission factors from the Bilan Carbone emission factor database.

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

33.7

Emissions calculation methodology

Average data method

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

100

Please explain

Emissions due to owned cars as capital goods, which are used for banking operations, have been calculated as a multiplication of the number of cars from TSKB records and emission factors from the Bilan Carbone emission factor database. Also, emissions due to owned furniture as capital goods services, which are used for office operations, have been calculated as the multiplication of annual spending in Euro from TSKB records with consideration of the amortization period of goods and emission factors from the Bilan Carbone emission factor database.

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

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO₂e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

All fuel and energy-related activities have been disclosed under Scope 1 and Scope 2.

Upstream transportation and distribution

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

1.3

Emissions calculation methodology

Average data method

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

100

Please explain

Emissions due to upstream transportation of paper-work items, plastic water, glass water, and meals, which are used for office operations, have been calculated as the multiplication of total distance of transportation in km from TSKB records, average fuel consumption per km from online sources and emission factors from IPCC Guidelines for National Greenhouse Gas Inventories. However, calculated emission for each partial emission source has been considered insignificant in terms of quantitative perspective, importance in banking operations, etc, and they were excluded from Scope-3 emissions.

Waste generated in operations

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0.3

Emissions calculation methodology

Average data method

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

100

Please explain

Emissions due to household waste, plastic, glass, paper, and battery waste, which are generated due to office operations, have been calculated as a multiplication of the total amount of waste generated in kg from TSKB records and emission factors from Defra Environmental Reporting Guidelines emission factor database. However, calculated emission for each partial emission source has been considered insignificant in terms of quantitative perspective, importance in banking operations, etc, and they were excluded from Scope-3 emissions.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

46.9

Emissions calculation methodology

Average data method

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

100

Please explain

Emissions due to using planes for business travel, which are used for banking operations, have been calculated as the multiplication of total km distance and the number of total passengers from TSKB records and emission factors from the Carbon Planet GHG Emissions Resulting from the Aircraft Travel emission factor table.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

130.4

Emissions calculation methodology

Average data method

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

100

Please explain

Emissions due to employee service buses as employee commuting have been calculated as the multiplication of total distance of transportation in km from TSKB records, average fuel consumption per km from online sources, and emission factors from IPCC Guidelines for National Greenhouse Gas Inventories. Also, emissions due to employee remote working activities have been calculated as a multiplication of annual remote working days using TSKB Human Resources' records and emission factors from the Ecometrica database for homeworkers.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

TSKB has no leased assets from other entities. There are leased company cars but fuel consumption has been already evaluated under Scope 1.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

TSKB is a financial institution and has no product sold, transported, or distributed physically. All operations have been done virtually.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

TSKB is a financial institution and has no products sold to third parties and processed physically.

Use of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

TSKB is a financial institution and has no goods and services sold physically. All operations have been done virtually.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

TSKB is a financial institution and has no goods and services sold physically. All operations have been done virtually.

Downstream leased assets**Evaluation status**

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

TSKB has no owned assets to lease to other entities.

Franchises**Evaluation status**

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

The business of TSKB is not operated under a license that is sold or distributed to another company's goods or services within a certain location which defines the franchise business model. Since this model does not fit the business model of TSKB, this emission category is not relevant.

Other (upstream)**Evaluation status**

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There are no other Scope 3 emission sources relevant to TSKB operations.

Other (downstream)**Evaluation status**

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

There are no other Scope 3 emission sources relevant to TSKB operations

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000054

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

449

Metric denominator

unit total revenue

Metric denominator: Unit total

83069529.73

Scope 2 figure used

Market-based

% change from previous year

28.35

Direction of change

Increased

Reason for change

Gross combined Scope 1 and Scope 2 emissions (the numerator) increased in the reporting year. The main reason is the change in the calculation methodology of natural gas consumption-related emissions. In the reporting year, whole natural gas consumption has been added to TSKB inventory by the requirement of the operational control approach mentioned in ISO 14064-1:2018 Standard. As the boiler was controlled by TSKB. This change has increased TSKB's Scope 1 emissions and caused to increase in this intensity figure. Besides, reporting year's total net profit was lower than the previous year. So, the denominator has decreased in the reporting year and this change is another reason for the increase in the intensity figure. Change from the previous year has been calculated as 28.35% (previous year: 0.000042; reporting year: 0.000054).

C7. Emissions breakdowns

C7.9

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

Increased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	100% contractual instrument (I-REC certificate) is used to purchase electricity used in the TSKB buildings. Since the emission factor is zero, there is no change in emissions due to changes in renewable energy.
Other emissions reduction activities	35.7	Decreased	8.5	Emissions due to fugitive gases have been calculated as 236.9 tonnes of CO2e for the previous year. Thanks to emission reduction activities, it was calculated as 201.2 tonnes of CO2e for the reporting year. Change in emissions has been calculated as 35.7 (236.9 – 201.2) tonnes of CO2e which is equivalent to an 8.5% decrease.
Divestment	0	No change	0	Not relevant
Acquisitions	0	No change	0	Not relevant
Mergers	0	No change	0	Not relevant
Change in output	0	No change	0	Not relevant
Change in methodology	71.6	Increased	17.05	For Scope 1 natural gas consumption was separated into parent companies which were operated in TSKB building according to their number of employees and allowed meter square space in the previous year. In the reporting year, whole natural gas consumption has been added to TSKB inventory by the requirement of the operational control approach mentioned in ISO 14064-1:2018 Standard. As the boiler was controlled by TSKB. This change has increased TSKB's Scope 1 emissions. The calculated emission was 110.6 tonnes CO2e for the previous year and 182.2 tonnes CO2e for the reporting year. Change in emissions has been calculated as 71.6 (236.9 – 201.2) tonnes of CO2e which corresponds to % a 17.05 increase.
Change in boundary	0	No change	0	Not relevant
Change in physical operating conditions	7.6	Decreased	1.81	Due to the Covid-19 pandemic, cars have been used less in reporting year compared to the previous year. That's why emissions sourced from mobile combustion activities were less. The calculated emission was 72.4 tonnes CO2e for the previous year and 64.8 tonnes CO2e for the reporting year. Change in emissions has been calculated as 7.6 (72.4 – 64.8) tonnes of CO2e which is equivalent to a %1.81 decrease.
Unidentified	0	No change	0	Not relevant
Other	0	No change	0	Not relevant

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	811.57	811.57
Consumption of purchased or acquired electricity	<Not Applicable>	796.91	0	796.91
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	796.91	811.57	1608.48

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area

Turkey

Consumption of electricity (MWh)

796.91

Consumption of heat, steam, and cooling (MWh)

0

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

796.91

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

C9. Additional metrics

C9.1

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

Description

Energy usage

Metric value

0.14

Metric numerator

kWh

Metric denominator (intensity metric only)

m² * capita

% change from previous year

8.6

Direction of change

Decreased

Please explain

This metric is relevant to electricity consumption. Due to Covid-19 Pandemic, TSKB employees continued to work from home for the whole year of 2021. Some partial office working options have been tried but limited participation has been observed. Also, in 2020, there was full participation in working from the office after April 2020. That's why electricity consumption has decreased in TSKB buildings compared to the previous year (0.15 kwh/ m² * capita).

Description

Energy usage

Metric value

0.01

Metric numerator

kWh

Metric denominator (intensity metric only)

m²*capita

% change from previous year

0

Direction of change

No change

Please explain

This metric is relevant to natural gas consumption for heating. Due to Covid-19 Pandemic, TSKB employees continued to work from home in 2021. Some partial office working options have been tried but limited participation has been observed. So, even though employees have worked remotely, some employees or technical staff were in the office physically. Heating needs were at the same level even total number of workers was less in the TSKB buildings. That's why natural gas consumption remained relatively at the same level (actual decrease is 0.2% but not reported) compared to the previous year (0.01 kwh/m² * capita).

Description

Other, please specify (Paper Consumption)

Metric value

2164

Metric numerator

kg

Metric denominator (intensity metric only)

NA

% change from previous year

4.8

Direction of change

Decreased

Please explain

This metric is relevant to paper consumption for office operations. Thanks to the remote working environment, less paper has been consumed compared to the previous year. As there was full participation for working from the office after April 2020. When it was compared with the previous year, a decreasing trend has been observed thanks to an increased perception of paper usage for sustainability matter (2,272 kg).

Description

Other, please specify (Water Consumption)

Metric value

3403

Metric numerator

m³

Metric denominator (intensity metric only)

NA

% change from previous year

21.9

Direction of change

Decreased

Please explain

This metric is relevant to water consumption for office operations. Thanks to the remote working environment, less water has been consumed compared to the previous year. As there was full participation for working from the office after April 2020. When it was compared with the previous year, a decreasing trend has been observed thanks to increased perception of water usage for sustainability matter (4,357 m3).

Description

Waste

Metric value

3388

Metric numerator

kg

Metric denominator (intensity metric only)

NA

% change from previous year

26.1

Direction of change

Increased

Please explain

Due to pandemic measures and to ensure workers' health, packed lunch boxes have been used in the dining hall. Due to the increased consumption of packaged foods, the amount of generated waste has also increased. When it was compared with 2019 (3,822 kg), a decreasing trend has been observed but when it was compared with 2020 (2,686 kg), an increase has been observed in total generated waste amount. It should be noted that all types of wastes are separated at the source and managed in accordance with the national legislation as well as international best practices in TSKB buildings.

C10. Verification

C10.1

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

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

C10.1a

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

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

Verification_Report_TSKB_2022_Rev01.pdf

Page/ section reference

Page 3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

TSKB_2021_I-REC_Document.pdf

Verification_Report_TSKB_2022_Rev01.pdf

Page/ section reference

Page 11 of the verification report

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

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

Scope 3 category

Scope 3: Purchased goods and services

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

Verification_Report_TSKB_2022_Rev01.pdf

Page/section reference

Page 12

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Capital goods

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

Verification_Report_TSKB_2022_Rev01.pdf

Page/section reference

Page 12

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

Verification_Report_TSKB_2022_Rev01.pdf

Page/section reference

Page 12

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Employee commuting

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

Verification_Report_TSKB_2022_Rev01.pdf

Page/section reference

Page 12

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Investments

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

Verification_Report_TSKB_2022_Rev01.pdf

Page/section reference

Page 12

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

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

Yes

C10.2a

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C7. Emissions breakdown	Energy consumption	Reasonable Assurance within the scope of ISO 14064-3	Renewable energy usage of TSKB has been verified by BSI (British Standards Institution) for the year 2021 under the scope of verification and assurance of GHG emissions. Page reference is 3 in the verification report prepared by BSI. Verification_Report_TSKB_2022_Rev01.pdf
C9. Additional metrics	Other, please specify (Electricity consumption)	Limited Assurance within the scope of ISAE 3000	Electricity consumption was verified and assured by PwC within the scope of verification of performance metrics reported in the 2021 Integrated Report. TSKB 2021 Integrated Annual Report.pdf
C9. Additional metrics	Other, please specify (Natural gas consumption)	Limited Assurance within the scope of ISAE 3000	Natural gas consumption was verified and assured by PwC within the scope of verification of performance metrics reported in the 2021 Integrated Report. TSKB 2021 Integrated Annual Report.pdf
C9. Additional metrics	Other, please specify (Paper consumption)	Limited Assurance within the scope of ISAE 3000	Paper consumption was verified and assured by PwC within the scope of verification of performance metrics reported in the 2021 Integrated Report. TSKB 2021 Integrated Annual Report.pdf
C9. Additional metrics	Other, please specify (Water consumption)	Limited Assurance within the scope of ISAE 3000	Water consumption was verified and assured by PwC within the scope of verification of performance metrics reported in the 2021 Integrated Report. TSKB 2021 Integrated Annual Report.pdf
C9. Additional metrics	Other, please specify (Waste generated)	Limited Assurance within the scope of ISAE 3000	The waste generation amount was verified and assured by PwC within the scope of verification of performance metric reported in the 2021 Integrated Report. TSKB 2021 Integrated Annual Report.pdf
C11. Carbon pricing	Other, please specify (Verified emission reductions)	Gold Standard for Global Goals	799 tonnes of CO2e emissions were offset by Borusan EnBW Energy's Bandirma Wind Farm. Credit Retirement_ TSKB.pdf

C11. Carbon pricing

C11.2

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

Yes

C11.2a

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

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

Bandirma Wind Energy Power Plant started to operate in September 2009. With the capacity increases in July 2010, and in December 2014, the total capacity reached 91.1 MW. The project is located in Balikesir province. Borusan EnBW Energy is the owner of the project.

Verified to which standard

Gold Standard

Number of credits (metric tonnes CO2e)

799

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

799

Credits cancelled

No

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

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

Yes

C11.3a

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

Objective for implementing an internal carbon price

Navigate GHG regulations
Stakeholder expectations
Change internal behavior
Drive energy efficiency
Drive low-carbon investment
Identify and seize low-carbon opportunities
Supplier engagement

GHG Scope

Scope 1
Scope 2
Scope 3

Application

TSKB calculates its GHG emissions each year. These emissions are verified according to ISO 14064-3 by an accredited verifier since 2012 and offset via purchasing carbon credits (from Gold Standard) from the voluntary carbon market annually, since 2009. There is a specific budget item that every year purchase order is created for offsetting by the department which has responsibility for GHG accounting and verification. It is anticipated that the unit price of high-quality carbon credit will increase over time considering the increased awareness among the private sector companies to operate more climate-friendly or to become carbon neutral. Thus, demand for credit certificates will increase and raise the price of the unit price of carbon credits. Thus, TSKB monitors the increased carbon offset prices and considers them in its operations since the offsetting cost is included in the annual budget plans.

Actual price(s) used (Currency /metric ton)

6

Variance of price(s) used

It is anticipated that the unit price of high-quality carbon credits will increase over time considering the increased awareness among the private sector companies to operate more climate-friendly or to become carbon neutral. Thus, demand for offsetting will increase which will raise the price of carbon credits.

Type of internal carbon price

Offsets

Impact & implication

Demand for offsetting via using carbon credits will increase, and the unit price of carbon credits will increase as a result. An increase in carbon credit price will also reflect the budget shared for the carbon off-setting practice of TSKB. Therefore, it is a motivation for TSKB to reduce the emissions from its operations and change its business positively. TSKB has been implementing various initiatives to reduce its emissions from its operations and its efforts will be increasing to achieve its science-based GHG reduction targets. It should be also noted that in 2021 our GHG emissions due to Scope-3 Category 15 Investments (Financed emissions) have also been calculated, verified, and published transparently. Overall GHG emissions of TSKB have increased significantly in 2021 compared to previous years since the financed emissions were also covered in the latest GHG inventory. Besides, TSKB aims to expand its inventory and cover additional sectors in the following years to calculate its financed emissions. Financed emissions have been excluded from the carbon offsetting process. TSKB is well aware of its role in the green transition of Türkiye as a development bank and a member of the Turkish finance industry and believes that using offsets is not an environmentally or economically sustainable option when it comes to financed emissions. Therefore, first of all, TSKB aims to increase its impact on the low-carbon development of Türkiye, and reduce its portfolio-related emissions by implementing science-based targets. This is also required for managing its climate risk.

C12. Engagement

C12.1

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

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

C12.1a

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

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Other, please specify (Emissions related with supplier activities are calculated and shared with the suppliers.)

% of suppliers by number

100

% total procurement spend (direct and indirect)

28.62

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

57.4

Rationale for the coverage of your engagement

The engagement covers catering, employee transportation, security, and cleaning services, and the total (related) emission amount was calculated as 134 tones in 2021 from these services. (TSKB has a headquarter in Istanbul consisting of 2 buildings and a branch in Ankara Province. It has several suppliers engaged primarily in catering, employee transportation, and stationary & office staff services. Environmental and social adverse impacts of the suppliers have been evaluated and scored when there are more than 2 suppliers and a less risky one is been selected as a new supplier.)

Impact of engagement, including measures of success

TSKB has developed good business relations with its suppliers to increase their environmental and social performance. For example, the catering company has been certified with ISO 14001 certificate to comply with the prerequisite of TSKB to work with. TSKB periodically checks the persistence of the certificate in annual meetings with the Company. Catering, security, and cleaning companies have insignificant amounts of GHG emissions. On the other hand, the entire emissions sourced from road transportation are calculated individually by TSKB Engineering Team 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 its best effort to make the Company set GHG emission targets to improve its own performance in this field. Moreover, TSKB offsets the GHG emissions including the emissions sourced from employee transportation.

Comment

Environmental and social performances/practices of the suppliers are evaluated and scored during the selection of new suppliers. TSKB has adopted the approach that it requires suppliers to apply best practices in their workplaces and encourages them via meetings, training, and awareness-increasing campaigns within Bank buildings to improve environmental and social performances while reducing their GHG emissions as much as possible. TSKB shows its best effort to make the suppliers set GHG emission targets to improve their own performance.

C-FS12.1b

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

Type of clients

Customers/clients of Banks

Type of engagement

Education/information sharing

Details of engagement

Included climate change considerations in client management mechanism
Collect climate change and carbon information at least annually from long-term clients

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

70

Portfolio coverage (total or outstanding)

7.5

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

As can be seen from the TSKB's Climate Change Mitigation and Adaptation Policy as well as its Climate Risk Report published in 2021, TSKB highlighted its ambition to align its operations and portfolio with the objectives of the Paris Agreement. As the first step of this objective, TSKB measured and published its financed emissions in its 2021 Integrated Report considering the carbon-intensive sectors as a best practice for the Turkish banking industry. TSKB is currently working on developing targets and will submit its targets to SBTi for validation before October 2022. TSKB's verified Scope 3 –(category 15) emissions data includes the "financed emissions" (category 5 as per ISO 14064-1:2018). Financed clients, which are operating in carbon-intensive sectors (non-renewable power generation, cement, and iron-steel sectors) and have provided their verified MRV reports of their plants to TSKB, have been considered while calculating the "financed emissions" of TSKB. Both Scope 1 (Process and fossil fuel burning-related emissions obtained from the clients' MRV Reports) and Scope 2 (electricity consumption-related) emissions of the clients' power plants or industrial plants have been taken into account during our measurement. Although the selected industries cover nearly 7.5% of the TSKB loan book, they constitute a significant part (between 60% - 70%) of TSKB's total financed emissions when the breakdown of the global and/or Türkiye's GHG emissions as per sectors based on the publicly available TurkStat and IEA data.

Type of clients

Customers/clients of Banks

Type of engagement

Collaboration & innovation

Details of engagement

Included climate change considerations in client management mechanism
Engage with clients on measuring exposure to climate-related risk

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

70

Portfolio coverage (total or outstanding)

22.2

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

As part of its climate risk evaluation process, TSKB makes an assessment by considering the adaptation capacity of clients' projects or assets for 9 climate hazards during the utilization of its CRET (for physical risks) and identifies their general risk level under different scenarios and time periods. TSKB has started to implement the CRET for all projects and clients in early 2022. Based on the CRET results, TSKB may request additional management plans. For example, for a company operating in the packaging sector, TSKB has requested the preparation of a Water Management Plan as a CP before disbursement since the water stress level was identified as high for the region in each scenario and time period where the client's facility is located. Besides, the client heavily relied on groundwater sources. It should be noted that 22.2% is selected as the portfolio coverage since it is the percentage provided in the TSKB Climate Risk Report dated May 2021 for TSKB's exposures in sectors with high physical risks.

Type of clients

Customers/clients of Banks

Type of engagement

Information collection (understanding client behavior)

Details of engagement

Included climate change considerations in client management mechanism
Collect climate change and carbon information at least annually from long-term clients
Engage with clients on measuring exposure to climate-related risk
Encourage better climate-related disclosure practices
Encourage clients to set a science-based emissions reduction target

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

70

Portfolio coverage (total or outstanding)

15.8

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

Both transition risks and physical risks, adaptation capacity scores given for the clients or their assets/projects are mainly based on the TSKB's review of the clients' strategies & targets together with their low carbon transition plan, process, and technology utilized by the assets/projects, location of the assets/projects, water usage per unit product, GHG emissions per unit product, etc. Therefore, during the implementation of the CRET for assessing the transition risks, TSKB requests detailed information from the clients on their GHG disclosures, targets, and transition plans in place. It should be noted that 15.8% is selected as the portfolio coverage since it is the percentage provided in the TSKB Climate Risk Report dated May 2021 for TSKB's exposures in sectors with high transition risks.

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

TSKB has a blog called TSKB Blog where it shares short articles with all stakeholders under the category of sustainability in order to increase awareness of environmental issues (<https://www.tskb.com.tr/kategori/surdurulebilirlik>). TSKB has also a comprehensive environmental portal which is cevreciyiz.com, launched in 2007. [Cevreciyiz.com](http://cevreciyiz.com) provides various content on different topics such as the most up-to-date news about the environment, business ideas on sustainability, environmentally friendly designs, alternative energy sources, nature-friendly consumption trends, examples of green architecture, climate change, etc. TSKB also spreads this impact by creating www.cevreciyiz.com to large segments of society through its social media channels.

In addition, TSKB has established the Green Swan platform in 2020 in order to act jointly against the climate crisis. Within this scope, TSKB shares content-rich information on climate change and its effects with our stakeholders with the report series "On Climate". TSKB encourages all other partners in the value chain to think together and create solutions to the climate crisis with this platform.

TSKB became the first bank in the financial sector to initiate afforestation by aerial seeding by combining forces with the social enterprise "ecording". Within one year period, our bank aims to throw a total of 150 thousand seed balls via ecoDrone in the areas designated by the Directorate General of Forestry on behalf of the firms to which it lends loans within the framework of the collaboration established with ecording, a social enterprise developing sustainable and innovative environmental technologies. In this way, we plan to contribute to Türkiye's sustainable and low-carbon economy while also boosting our support for social entrepreneurs.

C12.3

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

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact the climate

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

Yes

Attach commitment or position statement(s)

Climate Change Mitigation and Adaptation Policy

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

As it is stated in the Climate Change Mitigation and Adaptation Policy, the Bank supports Science Based Targets Initiative (SBTI), sets targets accordingly, and implements necessary actions to reduce greenhouse gas (GHG) emissions in line with the long-term goals of the Paris Agreement. The Bank Calculates and verifies its annual GHG emissions in accordance with the ISO 14064 Greenhouse Gas Reporting and Verification Standard, and commits to continuously improving its GHG reduction performance. Also, TSKB supports the Task Force on Climate-Related Financial Disclosures (TCFD) and aims to measure and report in line with TCFD recommendations. Overall, TSKB not only closely monitors and implements global standards but also, directly and indirectly, influences the policymakers in Türkiye. By taking part in a range of platforms such as ERTA, SKD, TUSIAD Working Groups, TKYD, etc. as well as via its own relations with authorities, it actively and periodically gives feedback to influence policymaking. Accordingly, in 2021, we also have become a member of the "Etkiyap Platform" which aims to raise awareness in awareness on impact investing in Türkiye and to develop the impact investment ecosystem.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3a

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

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

Adaptation and/or resilience to climate change

Carbon tax

Circular economy

Sustainable finance

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

We have participated in the consultation processes of the Republic of Türkiye Sustainable Finance Framework and BRSA Sustainable Banking Strategy as well as attended BRSA's workshops on green asset ratio. To note, there are also ongoing talks with state authorities and BRSA regarding the potential investments related to EU Green Deal and Circular Economy principles.

Policy, law, or regulation geographic coverage

National

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

Turkey

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

Support with minor exceptions

Description of engagement with policy makers

We have actively participated in the events and meetings on various platforms such as "Climate Council" in which emission reduction, green finance, carbon tax, adaptation to climate change and social topics were covered and "Water Council" in which water security, water efficiency, water resources and agricultural irrigation and relevant regulations were negotiated. TSKB is a member of the Banks Association of Türkiye (TBA). Since 2009, TSKB has carried out the presidency of TBA Sustainable Finance Working Group and was re-elected once again in 2019 and continued to lead the Group studies and closely cooperate with other members in 2021. . In this context, our bank coordinated the work to update the "Sustainability Guide for the Banking Sector", which was published in 2014 and includes good practices of the contribution of the banking and financial sector to sustainable development. The updated guide was published in March 2021. The "Green Deal Action Plan" was announced by the Ministry of Commerce and the responsibility and coordination of the action were given to the BRSA and the BRSA Sustainability Working Group was established in 2021. In this context, the "Sustainable Banking Strategic Plan" was accepted in 2021 to determine the roadmap for supporting the financing of activities to reduce greenhouse gas emissions within the scope of the Paris Agreement and the European Union Green Deal, managing financial risks stemming from climate change and developing sustainable banking activities. The studies are foreseen in the document regarding the "Actions" in which TBA is designated as the "Responsible/Coordinating Institution" and "Actions" where the TBA is designated as the "Cooperation Organization" are followed up by the TBA Sustainable Finance Working Group, and the studies will continue in 2022. In addition, the TBA Sustainable Finance Working Group and BRSA are working on the preparation of heat map methodologies on climate risks and preparing a guideline on "Green Asset Ratio" by taking the international regulations as a benchmark. TSKB will continue to be a part of these studies and increase its contribution to the Working Group in order to develop a common sustainable finance understanding in the finance sector.

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

We have made technical contributions given our experience and know-how and proposed smooth transition periods with incentive mechanisms and sweeteners as well as practical recommendations in line with the global market practices.

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

Yes, we have evaluated, and it is aligned

C12.3c

(C12.3c) Provide details of the funding you provided to other organizations in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization

Non-Governmental Organization (NGO) or charitable organization

State the organization to which you provided funding

Turkish Industry and Business Association (TUSIAD), Turkish Business Council of Sustainable Development (TBCSD)

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

10000

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate

TSKB regularly attends meetings of working groups under BCSD Türkiye and TUSIAD to discuss climate change-related issues and seek solutions with industry sector participants. The outcomes of the meetings are shared with related authorities to influence climate change policies. TSKB coordinated the work to update the "Sustainability Guide for the Banking Sector", which was published in 2014 and includes good practices of the contribution of the banking and financial sector to sustainable development. The updated guide was published in March 2021.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.4

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

Publication

Other, please specify (Integrated Annual Report, Climate Risk Report)

Status

Complete

Attach the document

TSKB Climate Risk Report.pdf

TSKB 2021 Integrated Annual Report.pdf

Page/Section reference

TSKB_Integrated Report - Natural Capital (Page 73-87) - UNEP-FI Responsible Banking Principles Progress Report (Page 147-153) TSKB Climate Risk (TCFD) Report: Metrics and Targets (Page 33-36)

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Comment

Integrated Annual Report: TSKB measures and monitors its direct impacts and consumption. All metrics are disclosed in a yearly comparison in our integrated annual report. The integrated annual report also covers the Bank's sustainability strategy, governance structure, and targets as well as its stance on how it perceives and deals with climate change risks and opportunities. By 2020, it also incorporates UNEP-FI Responsible Banking Principles Progress Report which discloses our impact via lending activities and targets to mitigate negative impacts and to enhance positive impacts. TSKB Climate Risk (TCFD) Report This report is a study that summarizes TSKB's journey to combat and adapt to climate change and explains its alignment with TCFD recommendations over the 4 major headlines (Governance, Strategy, Risk Management, Metrics, and Targets). With this report, TSKB defines its climate risks and opportunities from the internationally-recognized perspective of physical risks and transition risks. In proceeding with its mission and commitments, TSKB disclosed its targets and respective key performance indicators transparently. The information regarding the strategies, metrics, and targets included in the report will be reviewed periodically.

C-FS12.5

(C-FS12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	CDP Signatory Net Zero Banking Alliance Partnership for Carbon Accounting Financials (PCAF) Science-Based Targets Initiative for Financial Institutions (SBTi-FI) Task Force on Climate-related Financial Disclosures (TCFD) UN Global Compact UNEP FI Principles for Responsible Banking	<p>Task Force on Climate-related Financial Disclosures (TCFD): In 2021 TSKB also became a TCFD Supporter. TCFD-related works are carried out by Climate Risks Working Group which tries to conduct stress tests on the loan portfolios against a range of climate, energy, and development scenarios. TSKB is very well aware of the fact that slow and rapid onset extreme events with significant adverse impacts on economies already taking place all over the world. The Bank acknowledges that mitigating short-term risks associated with unavoidable climate change require sophisticated tools and skills other than scenario-based assessments which are used for assessing longer-term time horizons. UNEP FI TSKB closely followed and monitored sustainability efforts across the globe. Consequently, TSKB became a member of the United Nations Environment Program Finance Initiative (UNEP FI) in 2009 and publicly announced its commitment to the UN Global Compact. UNEP FI Principles for Responsible Banking: In September 2019, TSKB became a Founding Signatory of the Principles for Responsible Banking (PRB), a set of six principles developed by the UN Environment Programme Finance Initiative (UNEP FI) to provide a unique framework for ensuring a sustainable banking system and helping the banking industry to demonstrate how it makes a positive contribution to society. There are currently more than 200 banks worldwide that signed up to the Principles. The Principles are designed to guide banks in embedding sustainability into their business at the strategic, portfolio, and transactional levels, and across all business areas to align with the UN Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks. In line with the reporting requirements of the Principles, TSKB published its first PRB reporting in March 2021, within the 2020 Integrated Annual Report. Through this reporting, TSKB mapped the Principles to its core activities and reported on its progress as of the 2020 year-end. By using the Impact Assessment Tool, TSKB identified the areas in which it has its most significant positive and negative impact and set SMART targets that address the identified impact areas. TSKB will continue to integrate the Principles into its business and report on its progress on annual basis. Moreover, TSKB published its 2nd PRB reporting within the 2021 Integrated Annual Report, in which TSKB has shared realizations regarding its defined targets. UNEP FI TCFD Pilot: In 2020 TSKB participated in Phase II of the UNEP FI TCFD Phase 2 Banking Pilot Program and became the only participant bank from Türkiye. Through this collaboration, TSKB aims to better understand the potential impacts of climate change on its corporate lending portfolio and how the Bank's strategies can be developed further to address potential climate-related risks and opportunities. As of 2021, the Bank also participated in the Phase 3 Program, which is a follow-up of the Phase 2 studies. CDP Signatory: TSKB is one of the first 11 companies in Türkiye to publish a CDP report in the early 2010s. The Bank has consistently published its CDP response since 2013. UN Global Compact: As a Bank mission that incorporates support for sustainable development and inclusiveness, TSKB has been a signatory of the UN Global Compact since 2010. Accordingly, the Bank disclosed its commitment to be aligned with UN Global Sustainable Development Principles. On an annual basis, TSKB discloses its response via the Communication on Progress Report to the UNGC. Science-Based Targets Initiative for Financial Institutions (SBTi-FI): In October 2020, SBTi published the science-based target setting guideline for financial institutes and announced that FIs who have committed to set science-based emission reduction targets aligned with Paris Agreement before will have two years to set their targets and be approved by SBTi. TSKB has committed to set a science-based emission reduction target in 2015 and as a matter of fact that there were some gaps in the accounting of GHG emissions due to 'Investments' for FIs till the guideline had been published. At the end of 2020, TSKB has started to work on setting Scope 1 and Scope 2 emission reduction targets and portfolio analysis to categorize customers with respect to estimated GHG emissions, size of the company, impact on Türkiye's emission intensity, etc. to set Scope -3 emission reduction targets. Partnership for Carbon Accounting Financials PCAF: We use the methodology of PCAF to calculate our financed emissions. Net Zero Banking Alliance: We are working in the direction of becoming a member of the net zero banking alliance in the future.</p>

C14. Portfolio Impact

C-FS14.0

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

Lending to all carbon-related assets

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

Yes

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

185382000

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

0

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

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

3.8

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Lending to coal

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

Yes

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

160209000

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

0

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

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

3.31

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

<Not Applicable>

Lending to oil and gas

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

No, but we plan to assess our portfolio's exposure in the next two years

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

<Not Applicable>

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

<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)

<Not Applicable>

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

<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

No relevant exposure in portfolio

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

TSKB has no exposure to oil and gas exploration or refining activities as of the end of 2021.

C-FS14.1

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

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Please explain why you do not measure the impact of your portfolio on the climate
Banking (Bank)	Yes	Portfolio emissions Other carbon footprinting and/or exposure metrics (as defined by TCFD)	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS14.1a

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

Banking (Bank)

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

2748096

Portfolio coverage

70

Percentage calculated using data obtained from clients/investees

100

Emissions calculation methodology

The Global GHG Accounting and Reporting Standard for the Financial Industry

Please explain the details and assumptions used in your calculation

TSKB's verified Scope 3 –(category 15) emissions data includes the "financed emissions" (category 5 as per ISO 14064-1:2018). Financed clients, which are operating in carbon-intensive sectors (non-renewable power generation, cement, and iron-steel sectors) and have provided their verified MRV reports of their plants to TSKB, have been considered while calculating the "financed emissions" of TSKB. Both Scope 1 (Process and fossil fuel burning-related emissions obtained from the clients' MRV Reports) and Scope 2 (electricity consumption-related) emissions of the clients' power plants or industrial plants have been taken into account during our measurement. Outstanding risks and total equity and debt data have also been used to calculate the TSKB's attribution factor for each client as per the PCAF's methodology for corporate loans. Although the selected industries cover nearly 7.5% of the TSKB loan book, they constitute a significant part (between 60% - 70%) of TSKB's total financed emissions when the breakdown of the global and/or Türkiye's GHG emissions as per sectors based on the publicly available TurkStat and IEA data.

C-FS14.1b

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

Portfolio

Banking (Bank)

Portfolio metric

Avoided emissions financed (tCO₂e)

Metric value in the reporting year

12772485

Portfolio coverage

100

Percentage calculated using data obtained from clients/investees

0

Calculation methodology

For the RE projects financed by TSKB to date, the amount of annual GHG emissions avoided is calculated by using the amount of annual generated electricity by the RE project and Türkiye's GHG grid emission coefficient, which is calculated by the Bank's own methodology which is in line with United Nations Framework Convention on Climate Change (UNFCCC). The amount of annual generated electricity was determined based on information obtained from the transparency platform of Energy Exchange Istanbul (EXIST) and the information requested from the project companies if required. Turkish grid emission factor used by the Bank was 0.696 ton CO₂eq/MWh for solar & wind projects, and 0.561 for other RE projects in 2021 (except landfill gas to energy power plants). Besides, the assumptions for calculating the avoided emissions for each RE technology's capacity factor were based on using the Türkiye sector average of the last three years for the different renewable energy sources.

Portfolio

Banking (Bank)

Portfolio metric

Other, please specify (The share of power plants generating electricity from non-renewable sources within the Bank's entire loan portfolio)

Metric value in the reporting year

3.8

Portfolio coverage

100

Percentage calculated using data obtained from clients/investees

0

Calculation methodology

As given in the TSKB's Climate Risk Report, TSKB has a metric to follow its exposure to non-renewable power generation (coal and natural-gas-fired power plants) within its entire portfolio (share of non-renewable energy in the portfolio). TSKB intends to limit the share of power plants generating electricity from non-renewable sources within the Bank's entire loan portfolio to 5%, which was calculated as 3.8% as of the end of 2021.

Portfolio

Banking (Bank)

Portfolio metric

Other, please specify (Total Installed Capacity of Renewable Energy Projects Financed)

Metric value in the reporting year

8239

Portfolio coverage

100

Percentage calculated using data obtained from clients/investees

0

Calculation methodology

There are also Key Performance Indicators developed and followed by TSKB to measure its positive impact and report its progress within the scope of climate change mitigation and adaptation including, Total Installed Capacity of Renewable Energy Projects Financed (in MW). TSKB-funded renewable energy installed capacity has reached 8239 MW in 2021.

Portfolio

Banking (Bank)

Portfolio metric

Other, please specify (The ratio of loans contributing to climate and environment-focused SDGs within the total loan portfolio)

Metric value in the reporting year

62

Portfolio coverage

100

Percentage calculated using data obtained from clients/investees

0

Calculation methodology

TSKB aims for the ratio of loans contributing to climate and environment-focused SDGs within the total loan portfolio to be at the level of 60%, which was reported as 62% by the end of 2021 in the TSKB 2021 Integrated Report.

C-FS14.2

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

	Portfolio breakdown	Please explain why you do not provide a breakdown of your portfolio impact
Row 1	Yes, by industry	<Not Applicable>

C-FS14.2b

(C-FS14.2b) Break down your organization's portfolio impact by industry.

Portfolio	Industry	Portfolio metric	Portfolio emissions or alternative metric
Banking (Bank)	Other, please specify (Non renewable electricity generation)	Absolute portfolio emissions (tCO2e)	2029977
Banking (Bank)	Other, please specify (Cement)	Absolute portfolio emissions (tCO2e)	641685
Banking (Bank)	Other, please specify (Iron and steel)	Absolute portfolio emissions (tCO2e)	76433
Banking (Bank)	Other, please specify (Renewable electricity generation)	Avoided emissions financed (tCO2e)	12772485

C-FS14.3

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

	Actions taken to align our portfolio with a 1.5°C world	Please explain why you have not taken any action to align your portfolio with a 1.5°C world
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS14.3a

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

	Assessment of alignment of clients/investees' strategies with a 1.5°C world	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world
Banking (Bank)	Yes, for all	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C15. Biodiversity

C15.1

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

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	The environmental risks including biodiversity and social risks of projects are evaluated via the Bank's ERET model, irrespective of sector or loan size. The climate risks are also factored in during the loan evaluation according to the Bank's CRET. On top of these findings, the projects' and loans' link with UN SDGs was also reported to the Board. TSKB evaluates the investments as per the IFC Performance Standards in addition to the national requirements. Therefore, the Bank's ERET tool also includes investments' potential impacts on biodiversity. If any risk item is found at the first stage of this evaluation then, further due-diligence studies, as well as development and implementation of mitigation plans, are requested from the investors. TSKB also measures and monitors its impacts from its own operations via SMS. The Bank disclosed the relevant ESG policies on its website including the sustainable procurement management policy. Also, it is currently preparing a responsible marketing and communication policy. All ESG issues including biodiversity are addressed through the active participation of the Board of Directors (BoD) and the Executive Committee (EC). The BoD guides the Bank's operations by ensuring that the Bank is being managed in accordance with its strategic focuses and predetermined targets. Business plans and activities to be developed within the scope of TSKB's sustainability strategy, vision, and goals, particularly climate-related risks and opportunities, are addressed by the Sustainability Committee (SC) with the active participation of the BoD and the EC. Established in 2014, the TSKB SC consists of 3 Board Members as well as the CEO and 2 Executive Vice Presidents (EVPs) as of the end of 2021. Members of the SC are appointed by the decision of the Board of Directors. CEO is an active participant in the sustainability committee meetings. Besides, the EVP who is responsible for the ESG issues acts as a facilitator between the board and sustainability management committee. By 2021, a sustainability coordination officer post is also created to plan and manage core strategies and targets in a more effective and synchronized manner. TSKB also actively participates in the Biodiversity working group of IDFC to highlight the importance of biodiversity and raise awareness.	Risks and opportunities to our bank lending activities The impact of our own operations on biodiversity The impact of our bank lending activities on biodiversity

C15.2

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

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to respect legally designated protected areas Commitment to avoidance of negative impacts on threatened and protected species Commitment to no conversion of High Conservation Value areas Commitment to no trade of CITES listed species	CBD – Global Biodiversity Framework SDG CITES Other, please specify (IDFC Common Position Paper on Biodiversity)

C15.3

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

	Does your organization assess the impact of its value chain on biodiversity?	Portfolio
Row 1	Yes, we assess impacts on biodiversity in our downstream value chain only	Bank lending portfolio (Bank)

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity-related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Species management Education & awareness Other, please specify (In collaboration with Ecoding, ecoDrone delivers airborne seed ball shoots in hard-to-reach areas that need to be afforested. Also, TSKB supported TEMA foundation for the lands to be afforested after the wild fires.)

C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	Other, please specify (Internationally recognized standards (e.g. World Bank ESS, IFC PSs, EBRD PRs, EPs) are applicable depending on the source of funding and nature of the project.)

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Governance Impacts on biodiversity Influence on public policy and lobbying	2021 Annual Integrated Report / Natural Capital TCFD aligned Climate Risk Report 2021 UNEP-FI Responsible Banking Principles Progress Report (page 147-153 of 2021 Annual Integrated Report) TSKB 2021 Integrated Annual Report.pdf
Other, please specify (Allocation and Impact Report, Climate Review Reports)	Impacts on biodiversity	Impact and Allocation Report Climate Review reports published under the Green Swan Platform

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

TSKB 2021 Integrated Annual Report: https://en.tskb.com.tr/i/content/4704_1_TSKB%202021%20Integrated%20Annual%20Report.pdf

TSKB Climate Risk Report: <https://www.tskb.com.tr/i/assets/document/pdf/TCFD-eng-2021-05-24.pdf>

TSKB Investor Relations: <https://en.tskb.com.tr/en/investor-relations>

TSKB Sustainable Banking: <https://en.tskb.com.tr/en/sustainable-banking>

C16.1

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

	Job title	Corresponding job category
Row 1	CEO and a member of the Sustainability Committee	Chief Executive Officer (CEO)

FW-FS Forests and Water Security (FS only)

FW-FS1.1

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

	Board-level oversight of this issue area	Explain why your organization does not have board-level oversight of this issue area and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS1.1a

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

Issue area(s)	Position of individual(s)	Please explain
Forests Water	Board-level committee	<p>The environmental risks including environmental and social risks of projects are evaluated via the Bank's Environmental and Social Risk Evaluation Tool(ERET) model, irrespective of sector or loan size. TSKB evaluates the investments as per the IFC Performance Standards in addition to the national requirements. Therefore, the Bank's ERET tool also includes investments' potential impacts on biodiversity. If any risk item is found at the first stage of this evaluation then, further due-diligence studies, as well as development and implementation of mitigation plans, are requested from the investors. All ESG issues are addressed through the active participation of the Board of Directors (BoD) and the Executive Committee (EC). The BoD guides the Bank's operations by ensuring that the Bank is being managed in accordance with its strategic focuses and predetermined targets. Business plans and activities to be developed within the scope of TSKB's sustainability strategy, vision, and goals, particularly climate-related risks and opportunities, are addressed by the Sustainability Committee (SC) with the active participation of the BoD and the EC. Established in 2014, the TSKB SC consists of 3 Board Members as well as the CEO and 2 Executive Vice Presidents (EVPs) as of the end of 2021. Members of the SC are appointed by the decision of the Board of Directors. CEO is actively participating in the meetings, and EVPs in charge of related responsibilities act as a facilitator between the SC and Sustainability Management Committee (SMC). Since 2021, a Sustainability Coordination Officer post was also created to plan and manage core strategies and targets, as well as the Committee's work and objectives, in a more inclusive, effective, and synchronized manner. Within the Bank's Sustainability Management System (SMS), SC is supported by the SMC and working groups in which representatives from various departments of TSKB are active members. Reporting to the BoD, the Audit Committee is responsible for ensuring the efficiency and adequacy of the Bank's risk management, internal control, and internal audit operations under the relevant legislation. In line with the Bank's risk appetite, environmental risks including climate change and biodiversity that arise or may arise from lending operations are included in the Bank's risk management processes.</p>

FW-FS1.1b

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

Issue area(s)

Forests

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

Scheduled - some meetings

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

Reviewing and guiding strategy

Reviewing and guiding major plans of action

Reviewing and guiding risk management policies

Scope of board-level oversight

Risks and opportunities to our banking activities

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

Please explain

All ESG issues are addressed through the active participation of the Board of Directors (BoD) and the Executive Committee (EC). The BoD guides the Bank's operations by ensuring that the Bank is being managed in accordance with its strategic focuses and predetermined targets. The BoD consists of 11 members including the Bank's CEO and 3 independent members. Complementary policies, the Sustainability Policy and the Climate Change Mitigation and Adaptation Policy, which encompass the responsible banking approach, were approved by the BoD and entered into force. TSKB's organizational structure for sustainability involves the BoD and the EC and comprises of all employees. Business plans and activities to be developed within the scope of TSKB's sustainability strategy, vision, and goals, particularly climate-related risks and opportunities, are addressed by the Sustainability Committee (SC) with the active participation of the BoD and the EC. Established in 2014, the TSKB SC consists of 3 Board Members as well as the CEO and 2 Executive Vice Presidents (EVPs) as of the end of 2021. With the participation of the CEO as a committee member, this structure enables effective management at the highest level of all ESG issues, including climate risks, which are among the strategic focuses of the Bank. To note, members of the SC are appointed by the decision of the Board of Directors. CEO is actively participating in SC meetings, and the EVPs in charge of related ESG issues act as a facilitator between SC and SMC. In 2021, a Sustainability Coordination Officer position has also been created in the organizational structure to plan and manage core strategies and targets, as well as the Committee's work and objectives, in a more inclusive, effective, and synchronized manner. Within the Bank's Sustainability Management Organisation, SC is supported by the Sustainability Management Committee and working groups in which representatives from various departments of TSKB are active members. Reporting to the BoD, the Audit Committee is responsible for ensuring the efficiency and adequacy of the Bank's risk management, internal control, and internal audit operations under the relevant legislation. In line with the Bank's risk appetite, environmental risks including climate change and biodiversity that arise or may arise from lending operations are included in the Bank's risk management processes. Environmental, social and climate risks are all integrated into the Bank's loan evaluation process, therefore, Board's decisions. In addition, TSKB also publishes various thematic reports. In 2021, we have published 4 Climate Review Reports under the scope of the Green Swan Platform which targets to raise awareness of climate risks.

Issue area(s)

Water

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

Scheduled - some meetings

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

Reviewing and guiding strategy

Reviewing and guiding major plans of action

Reviewing and guiding risk management policies

Scope of board-level oversight

Risks and opportunities to our banking activities

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

Please explain

All ESG issues are addressed through the active participation of the Board of Directors (BoD) and the Executive Committee (EC). The BoD guides the Bank's operations by ensuring that the Bank is being managed in accordance with its strategic focuses and predetermined targets. Complementary policies, the Sustainability Policy and the Climate Change Mitigation and Adaptation Policy, which encompass the responsible banking approach, were approved by the BoD and entered into force. TSKB's organizational structure for sustainability involves the BoD and the EC and comprises of all employees. Business plans and activities to be developed within the scope of TSKB's sustainability strategy, vision, and goals, particularly climate-related risks and opportunities, are addressed by the Sustainability Committee (SC) with the active participation of the BoD and the EC. Established in 2014, the TSKB SC consists of 3 Board Members as well as the CEO and 2 Executive Vice Presidents (EVPs) as of the end of 2021. With the participation of the CEO as a committee member, this structure enables effective management at the highest level of all ESG issues, including climate risks, which are among the strategic focuses of the Bank. To note, members of the SC are appointed by the decision of the Board of Directors. CEO is actively participating in SC meetings, and EVPs in charge of related ESG issues act as a facilitator between SC and SMC. In 2021, a Sustainability Coordination Officer position has also been created in the organizational structure to plan and manage core strategies and targets, as well as the Committee's work and objectives, in a more inclusive, effective, and synchronized manner. Within the Bank's Sustainability Management System, SC is supported by the Sustainability Management Committee and working groups in which representatives from various departments of TSKB are active members. Reporting to the BoD, the Audit Committee is responsible for ensuring the efficiency and adequacy of the Bank's risk management, internal control, and internal audit operations under the relevant legislation. In line with the Bank's risk appetite, environmental risks including climate change and biodiversity that arise or may arise from lending operations are included in the Bank's risk management processes. Climate risks including water and forests are all integrated into the Bank's loan evaluation process, therefore, Board's decisions. In addition, TSKB also publishes various thematic reports. In 2019, we have published a report named "Water is the Next Diamond". In this report, TSKB drew attention to the areas of use of water in Türkiye and the world, and the measures to be taken regarding possible water scarcity. In the report titled, it is pointed out that water is becoming scarce due to the increasing demand and that developing and managing water resources to ensure water security is at the center of growth, sustainable development, and the fight against poverty.

FW-FS1.1c

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

Forests

Board member(s) have competence on this issue area

Yes

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

One of our board members (Mr. Mithat Rende) who is also a member of the sustainability committee worked as Türkiye's Chief Negotiator for Climate Change between 2010 and 2013. He also attended the COP 26 meetings in 2021. Capacity development is an important agenda item in TSKB which also cooperates with consultants. The process covers individuals from bank employees to board members. This is also supported by the informative presentations and reports of the Sustainability Management Committee and working group outputs to be submitted to Sustainability Committee.

Primary reason for no board-level competence on this issue area

<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

<Not Applicable>

Water

Board member(s) have competence on this issue area

Yes

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

One of our board members (Mr. Mithat Rende) who is also a member of the sustainability committee worked as Türkiye's Chief Negotiator for Climate Change between 2010 and 2013. He also attended the COP 26 meetings in 2021. Capacity development is an important agenda item in TSKB which also cooperates with consultants. The process covers individuals from bank employees to board members. This is also supported by the informative presentations and reports of the Sustainability Management Committee and working group outputs to be submitted to Sustainability Committee.

Primary reason for no board-level competence on this issue area

<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

<Not Applicable>

FW-FS1.2

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

Name of the position(s) and/or committee(s)

Chief Executive Officer (CEO)

Reporting line

Reports to the Board directly

Issue area(s)

Forests
Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our banking portfolio

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

Quarterly

Name of the position(s) and/or committee(s)

Sustainability committee

Reporting line

Reports to the Board directly

Issue area(s)

Forests
Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our banking portfolio

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

Quarterly

Name of the position(s) and/or committee(s)

Credit committee

Reporting line

CEO reporting line

Issue area(s)

Forests
Water

Responsibility

Both assessing and managing risks and opportunities

Coverage of responsibility

Risks and opportunities related to our banking portfolio

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

More frequently than quarterly

FW-FS2.1

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

	We assess our portfolio's exposure to this issue area	Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future
Banking - Forests exposure	Yes	<Not Applicable>
Banking – Water exposure	Yes	<Not Applicable>
Investing (Asset manager) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests exposure	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water exposure	<Not Applicable>	<Not Applicable>

FW-FS2.1a

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

Portfolio

Banking (Bank)

Exposure to

Forests-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

99

Type of assessment

Qualitative only

Time horizon(s) covered

Short-term

Medium-term

Tools and methods used

Internal tools/methods

WRI Aqueduct

UNEP FI Portfolio Impact Analysis Tool for Banks

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

We have internal tools to assess the environmental and social risks of projects/loans and integrate these factors into our loan evaluation process via the Environmental and Social Risk Evaluation Tool (ERET) and Climate Risks Evaluation Tool (CRET). ERET is the abbreviation of Environmental and Social Risk Assessment Model which is applied not only to investment loans but also to working capital loans. In light of the project evaluation results, issues to be managed and the actions to be taken are determined and communicated to the investors. Lending begins when all of these processes have been completed and the project risk management plan has been prepared. The annual evaluation results of the ERET Model are publicly reported on our website. At the start of the loan process, the relevant project plans are monitored by our engineers or independent environmental and social consultants. We meticulously monitor the implementation of these plans and manage the environmental and social risks of the projects it finances. The ERET Model is also in line with the criteria in the Equatorial Principles, which are based on standards of the IFC and the World Bank and implemented by banks operating in developed economies. Another important tool that was developed internally is Climate Risk Evaluation Tool (CRET) which integrates climate risks into the loan evaluation process. To assess the water stress, the data of the WRI Aqueduct is used. In addition, as one of the signatories of UNEP-FI Responsible Banking, we started to report our progress each year via our Annual Integrated Report in 2020. We use UNEP FI Portfolio Impact Analysis Tool for Banks to determine the positive and negative impacts of the financed sectors. Having set the relevant targets to mitigate negative impacts while enhancing the positive ones, we also disclose our performance via KPIs.

Portfolio

Banking (Bank)

Exposure to

Water-related risks and opportunities

Type of risk management process

Integrated into multi-disciplinary company-wide risk management process

Proportion of portfolio covered by risk management process

99

Type of assessment

Qualitative only

Time horizon(s) covered

Short-term

Medium-term

Tools and methods used

Internal tools/methods

WRI Aqueduct

UNEP FI Portfolio Impact Analysis Tool for Banks

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

We have internal tools to assess the environmental and social risks of projects/loans and integrate these factors into our loan evaluation process via ERET and CRET. ERET is the abbreviation of Environmental and Social Risk Assessment Model which is applied not only to investment loans but also to working capital loans. In light of the project evaluation results, issues to be managed and the actions to be taken are determined and communicated to the investors. Lending begins when all of these processes have been completed and the project risk management plan has been prepared. The annual evaluation results of the ERET Model are publicly reported on our website. At the start of the loan process, the relevant project plans are monitored by our engineers or independent environmental and social consultants. We meticulously monitor the implementation of these plans and manage the environmental and social risks of the projects it finances. The ERET Model is also in line with the criteria in the Equatorial Principles, which are based on standards of the IFC and the World Bank and implemented by banks operating in developed economies. Another important tool that was developed internally is Climate Risk Evaluation Tool (CRET) which integrates climate risks into the loan evaluation process. To assess the water stress, the data of the WRI Aqueduct is used. In addition, as one of the signatories of UNEP-FI Responsible Banking, we started to report our progress each year via our Annual Integrated Report in 2020. We use UNEP FI Portfolio Impact Analysis Tool for Banks to determine the positive and negative impacts of the financed sectors. Having set the relevant targets to mitigate negative impacts while enhancing the positive ones, we also disclose our performance via KPIs.

FW-FS2.2

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

	We consider forests- and/or water-related information	Explain why information related to this issue area is not considered and any plans to address this in the future
Banking – Forests-related information	Yes	<Not Applicable>
Banking – Water-related information	Yes	<Not Applicable>
Investing (Asset manager) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Water-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Forests-related information	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Water-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Forests-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water-related information	<Not Applicable>	<Not Applicable>

FW-FS2.2a

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

Portfolio

Banking (Bank)

Information related to

Forests

Type of information considered

Commitment to eliminate deforestation/conversion of other natural ecosystems
Other, please specify

Process through which information is obtained

Directly from the client/investee
Data provider
Public data sources

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

Energy
Other, please specify (Heavy industries such as iron & steel as well as cement)

State how these forests- and/or water-related information influences your decision making

We have internal tools to assess the environmental and social risks of projects/loans and integrate these factors into our loan evaluation process via ERET and CRET. To use these tools, we obtain data and relevant documentation from the client. We require compliance with the International E&S standards. We do the assessment and allocate loans depending on these results. Afterward, we monitor our projects closely. Consequently, 62 percent of our loans are environment and climate-focused SDG-linked loans. In cases where endemic deforestation is a risk, we develop action plans for investors to mitigate the impact and ensure the reproduction of the endemic species.

Portfolio

Banking (Bank)

Information related to

Water

Type of information considered

Scope and content of water policy
Water withdrawal and/or consumption volumes
Water withdrawn from water stressed areas
Water discharge treatment data
Breaches to local water regulations

Process through which information is obtained

Directly from the client/investee
Data provider
Public data sources

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

Energy
Other, please specify (Heavy industries such as iron & steel as well as cement.)

State how these forests- and/or water-related information influences your decision making

We have internal tools to assess the environmental and social risks of projects/loans and integrate these factors into our loan evaluation process via ERET and CRET. To use these tools, we obtain data and relevant documentation from the client. We require compliance with the International E&S standards. We do the assessment and allocate loans depending on these results. Afterward, we monitor our projects closely. Consequently, 62 percent of our loans are environment and climate-focused SDG-linked loans. In cases where endemic deforestation is a risk, we develop action plans for investors to mitigate the impact and ensure the reproduction of the endemic species.

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

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
Forests	Yes	<Not Applicable>	<Not Applicable>
Water	Yes	<Not Applicable>	<Not Applicable>

FW-FS2.3a

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

Identifier

Risk1

Portfolio where risk driver occurs

Banking (Bank) portfolio

Issue area risk relates to

Forests

Risk type & Primary risk driver

Market	Inability to attract co-financiers and/or investors into deals due to forests- and/or water-related issues
--------	--

Primary potential financial impact

Decreased access to capital

Risk type mapped to traditional financial services industry risk classification

Market risk

Company-specific description

As a pioneering bank in Türkiye'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 in TSKB, which may lead to a decrease in the demand for TSKB's services and also on its stocks.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In case this risk is realized; as a result of scarce demand from investors, customers, development finance institutions, etc. along with the reputation loss, the estimated financial impact for the Bank could be elevated funding costs. TSKB is a non-deposit bank that mainly relies on external financial funding in the form of loans from development finance institutions and issued bonds.

Cost of response to risk

120000

Description of response and explanation of cost calculation

We monitor the global and national regulations, and standards and collect information from our clients. Lack of information is not only a reputational risk on our fund providers' side but also a market risk due to not being able to meet client needs. Therefore, we are closely following the sectoral updates, and developing thematic study papers on agriculture and climate change adaptation.

Comment

Regarding this risk, the major cost driver is employee cost. In order to develop capacity and stay updated, we closely monitor global developments as well as good practices. In addition, we have been active on several platforms giving and receiving feedback and sharing experiences. The other important cost item includes the collection of sustainability and climate change-related data, public disclosure of this information, and third-party verification and assurance of the key performance indicators. All internal KPIs regarding 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 domestic and global memberships and signatories, e.g. TUSIAD, UNEP FI, Global Compact, IDFC, and others. These costs equate to approximately \$120K annually.

Identifier

Risk2

Portfolio where risk driver occurs

Banking (Bank) portfolio

Issue area risk relates to

Water

Risk type & Primary risk driver

Market	Inability to attract co-financiers and/or investors into deals due to forests- and/or water-related issues
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Primary potential financial impact

Decreased access to capital

Risk type mapped to traditional financial services industry risk classification

Market risk

Company-specific description

As a pioneering bank in Türkiye'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 in TSKB, which may lead to a decrease in the demand for TSKB's services and also on its stocks.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In case this risk is realized; as a result of scarce demand from investors, customers, development finance institutions, etc. along with the reputation loss, the estimated financial impact for the Bank could be elevated funding costs. TSKB is a non-deposit bank that mainly relies on external financial funding in the form of loans from development finance institutions and issued bonds.

Cost of response to risk

120000

Description of response and explanation of cost calculation

We monitor the global and national regulations, and standards and collect information from our clients. Lack of information is not only a reputational risk on our fund providers' side but also a market risk due to not being able to meet client needs. Therefore, we are closely following the sectoral updates, and developing thematic study papers on agriculture and climate change adaptation.

Comment

Regarding this risk, the major cost driver is employee cost. In order to develop capacity and stay updated, we closely monitor global developments as well as good practices. In addition, we have been active on several platforms giving and receiving feedback and sharing experiences. The other important cost item includes the collection of sustainability and climate change-related data, public disclosure of this information, and third-party verification and assurance of the key performance indicators. All internal KPIs regarding 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 domestic and global memberships and signatories, e.g. TUSIAD, UNEP FI, Global Compact, IDFC, and others. These costs equate to approximately \$120K annually.

FW-FS2.4

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

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	Yes	<Not Applicable>	<Not Applicable>
Water	Yes	<Not Applicable>	<Not Applicable>

FW-FS2.4a

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

Identifier

Opp1

Portfolio where opportunity occurs

Banking (Bank) portfolio

Issue area opportunity relates to

Forests

Opportunity type & Primary opportunity driver

Products and services	Development and/or expansion of financing products and solutions supporting sustainable forest risk commodity supply chains
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Primary potential financial impact

Other, please specify (Access to new thematic funds)

Company- specific description

We develop thematic study papers on agriculture and climate change adaptation. These areas are crucial for our upcoming loan agreement themes. For instance, water efficiency is likely to be on the agenda of the agriculture and manufacturing sectors in the medium term.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact figure

With its valuable experiences, through its subsidiary Escarus, TSKB provides SMS and EMS, green bond issuance, climate risks reporting (CDP, sustainability and integrated report, carbon emission report) consultancy services to other companies in finance and other real sectors. With the reorganization of its advisory services in 2019, TSKB also offers environmental, sustainability, carbon management, risk management, and resilience and climate change management advisory services. These services contribute to integrating climate-related issues into the agendas of the related companies with an organized structure. TSKB expects these sustainability advisory services to support its commission income in the next couple of years. In 2021, TSKB and its subsidiaries provided 35 advisory services directly and indirectly linked with low carbon transition. As of 2021 year-end, total revenues from those projects have been \$1M. The Bank also expects TSKB's advisory services to contribute to TSKB's revenues in the upcoming years.

Cost to realize opportunity

550000

Strategy to realize opportunity and explanation of cost calculation

TSKB has given 35 consultancy services through/together with its subsidiaries. The total operating expenses of these projects pertaining to the year 2021 are approximately \$550K.

Comment

With the growing demand TSKB expects to access new markets with value-added advisory services. Thus, TSKB and its subsidiaries plan to provide advisory services directly and indirectly linked with low carbon transition. TSKB has given 35 consultancy services through/together with its subsidiaries in 2021 and aims to increase this number in the near future.

Identifier

Opp2

Portfolio where opportunity occurs

Banking (Bank) portfolio

Issue area opportunity relates to

Water

Opportunity type & Primary opportunity driver

Products and services	Development and/or expansion of financing products and solutions supporting water security
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Primary potential financial impact

Increased access to capital

Company- specific description

We develop thematic study papers on agriculture and climate change adaptation. These areas are crucial for our upcoming loan agreement themes. For instance, water efficiency is likely to be on the agenda of the agriculture and manufacturing sectors in the medium term.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact figure

With its valuable experiences, through its subsidiary Escarus, TSKB provides SMS and EMS, green bond issuance, climate risks reporting (CDP, sustainability and integrated report, carbon emission report) consultancy services to other companies in finance and other reel sectors. With the reorganization of its advisory services in 2019, TSKB also offers environmental, sustainability, carbon management, risk management, and resilience and climate change management advisory services. These services contribute to integrating climate-related issues into the agendas of the related companies with an organized structure. TSKB expects these sustainability advisory services to support its commission income in the next couple of years. In 2021, TSKB and its subsidiaries provided 35 advisory services directly and indirectly linked with low carbon transition. As of 2021 year-end, total revenues from those projects have been \$1M. The Bank also expects TSKB's advisory services to contribute to TSKB's revenues in the upcoming years.

Cost to realize opportunity

150000

Strategy to realize opportunity and explanation of cost calculation

TSKB has given 35 consultancy services through/together with its subsidiaries. The total operating expenses of these projects pertaining to the year 2021 are approximately \$550K.

Comment

With the growing demand TSKB expects to access new markets with value-added advisory services. Thus, TSKB and its subsidiaries plan to provide advisory services directly and indirectly linked with low carbon transition. TSKB has given 35 consultancy services through/together with its subsidiaries in 2021 and aims to increase this number in the near future.

FW-FS3.1

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

Forests

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

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

Description of influence on organization's strategy including own commitments

With its dynamic business model, TSKB offers different products and services in line with global developments and government policies to its customers' needs. Although the effects of climate change have started to be felt tangibly and heavily, and the climate-related risks and opportunities are being evaluated by institutions in recent years, TSKB included climate change among the main focus areas in its strategy many years ago. Therefore, we reflect all the risks and opportunities in our business lines by developing new products such as renewable energy financing, the SDP loan model, and several investment banking products. In 2020, in line with our vision and transition plan, we have developed a 5-year road map as well as set a number of targets to complement this perspective. Accordingly, the evaluation of the loan portfolio in terms of climate risk, which started in 2020, will be finalized and climate risk will be integrated into the loan evaluation and monitoring procedures. Also, a climate risk management approach will be developed and full compliance will be achieved with the TCFD recommendations. In 2021, efforts on the assessment of physical and transition risks arising from climate change and their integration into all loan processes continued. In this context, the Climate Risk Evaluation Tool (CRET) was developed, and the pilot applications were completed. Each member of the group, which consists of representatives from different departments, attends training on climate risks and opportunities. In 2021 we have calculated the emissions of our clients operating in carbon-intensive industries which account for 7.5% of the loan portfolio. In addition, we are currently in the process of applying for SBTi approval for our emission targets. Also, we have published the Climate Change Mitigation and Adaptation Policy as a complementary policy to the Sustainability Policy, to publicly communicate our basic principles regarding climate change.

Financial planning elements that have been influenced

Revenues

Description of influence on financial planning

Funding through development finance institutions, which is disbursed in a "use of proceeds" approach, accounts for 65% of the funding structure of TSKB. 80% of these resources are guaranteed by the Ministry of the Treasury and Finance of the Republic of Türkiye. The Bank works in close cooperation with development finance institutions such as IBRD, EIB, CEB, KfW, AFD, IFC, EBRD, JBIC, OeEB, IsDB, AIIB, and CDB. Each agreement has different requirements and covenants related to the respective theme. The themes are developed by taking the current risks and opportunities into account. The accumulated know-how in ESG issues is transferred into a subsidiary called Escarus which offers sustainability consultancy services to our clients. In 2021, Escarus provided a comprehensive advisory service to The Foreign Economic Relations Board (DEIK) to support the transition of the industrial sector to a carbon-free economy in line with the expectations of the European Green Deal.

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

<Not Applicable>

Water

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

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

Description of influence on organization's strategy including own commitments

With its dynamic business model, TSKB offers different products and services in line with global developments and government policies to its customers' needs. Although the effects of climate change have started to be felt tangibly and heavily, and the climate-related risks and opportunities are being evaluated by institutions in recent years, TSKB included climate change among the main focus areas in its strategy many years ago. Therefore, we reflect all the risks and opportunities in our business lines by developing new products such as renewable energy financing, the SDP loan model, and several investment banking products. In 2020, in line with our vision and transition plan, we have developed a 5-year road map as well as set a number of targets to complement this perspective. Accordingly, the evaluation of the loan portfolio in terms of climate risk, which started in 2020, will be finalized and climate risk will be integrated into the loan evaluation and monitoring procedures. Also, a climate risk management approach will be developed and full compliance will be achieved with the TCFD recommendations. In 2021, efforts on the assessment of physical and transition risks arising from climate change and their integration into all loan processes continued. In this context, the Climate Risk Evaluation Tool (CRET) was developed, and the pilot applications were completed. Each member of the group, which consists of representatives from different departments, attends training on climate risks and opportunities. In 2021 we have calculated the emissions of our clients operating in carbon-intensive industries which account for 7.5% of the loan portfolio. In addition, we are currently in the process of applying for SBTi approval for our emission targets. Also, we have published the Climate Change Mitigation and Adaptation Policy as a complementary policy to the Sustainability Policy, to publicly communicate our basic principles regarding climate change. Since 2020, we have been working with an FMCG company in order to create/improve water awareness in Türkiye via quantifying water stress. Water Index has been updated quarterly and shared with the company under our consultancy services scope.

Financial planning elements that have been influenced

Revenues

Description of influence on financial planning

Funding through development finance institutions, which is disbursed in a "use of proceeds" approach, accounts for 65% of the funding structure of TSKB. 80% of these resources are guaranteed by the Ministry of the Treasury and Finance of the Republic of Türkiye. The Bank works in close cooperation with development finance institutions such as IBRD, EIB, CEB, KfW, AFD, IFC, EBRD, JBIC, OeEB, IsDB, AIIB, and CDB. Each agreement has different requirements and covenants related to the respective theme. The themes are developed by taking the current risks and opportunities into account. The accumulated know-how in ESG issues is transferred into a subsidiary called Escarus which offers sustainability consultancy services to our clients. In 2021, Escarus provided a comprehensive advisory service to The Foreign Economic Relations Board (DEIK) to support the transition of the industrial sector to a carbon-free economy in line with the expectations of the European Green Deal.

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

<Not Applicable>

FW-FS3.2

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

Forests

Scenario analysis conducted to identify outcomes for this issue area

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

Type of scenario analysis used

- Climate-related
- Water-related

Parameters, assumptions, analytical choices

The result of project evaluation under ERET is integrated into the internal rating model of the Bank as a notching criterion. For detailed information on the ERET Model, please see the TSKB 2021 Integrated Annual Report. TSKB has already started to use CRET Model to score physical and transition risks. By the end of 2023, the Bank plans to integrate the evaluation results (scores) into its internal rating model as is the case with the ERET Model. In addition, as one of the signatories of UNEP-FI Responsible Banking, we started to report our progress each year via our Annual Integrated Report in 2020. We use UNEP FI Portfolio Impact Analysis Tool for Banks to determine the positive and negative impacts of the financed sectors. Having set the relevant targets to mitigate negative impacts while enhancing the positive ones, we also disclose our performance via KPIs.

Description of outcomes for this issue area

With the internal tools we develop such as ERET and CRET, we became capable of evaluating and quantifying the risks on a loan basis. Almost the total book, excluding loans disbursed to the finance sector, is evaluated.

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

Embedded in our strategy, we have been operating and offering services to our clients in an environmentally and socially responsible manner. We do not finance any projects that do not fulfill our environmental and social criteria. This strategy is also reflected in our targets. We have the target to maintain the ratio of climate and environment-focused SDG-linked loans in the loan book at 60%. These loans account for 62% of the total portfolio as of the 2021 year-end

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

<Not Applicable>

Water

Scenario analysis conducted to identify outcomes for this issue area

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

Type of scenario analysis used

- Climate-related
- Water-related

Parameters, assumptions, analytical choices

The result of project evaluation under ERET is integrated into the internal rating model of the Bank as a notching criterion. For detailed information on the ERET Model, please see the TSKB 2021 Integrated Annual Report. TSKB has already started to use CRET Model to score physical and transition risks. By the end of 2023, the Bank plans to integrate the evaluation results (scores) into its internal rating model as is the case with the ERET Model. Scientific data generated by running different global climate models with RCP4.5 and RCP8.5 climate scenarios were used in the scenario analysis performed for hydroelectric power plants within the scope of physical risks. For the upcoming period, case analysis studies will be further developed. Additionally, we have developed a comprehensive study after the recent mucilage incident that occurred in 2021 at the Dardanelle Sea in Türkiye. We also conduct research and evaluation on the groundwater usage of our loan clients.

Description of outcomes for this issue area

With the internal tools we develop such as ERET and CRET, we became capable of evaluating and quantifying the risks on a loan basis. Almost the total book, excluding loans disbursed to the finance sector, is evaluated.

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

Embedded in our strategy, we have been operating and offering services to our clients in an environmentally and socially responsible manner. We do not finance any projects that do not fulfill our environmental and social criteria. This strategy is also reflected in our targets. We have the target to maintain the ratio of climate and environment-focused SDG-linked loans in the loan book at 60%. These loans account for 62% of the total portfolio as of 2021 year-end.

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

<Not Applicable>

FW-FS3.3

(FW-FS3.3) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity	Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

FW-FS3.3a

(FW-FS3.3a) Provide details of your existing products and services that enable clients to mitigate deforestation and/or water insecurity.

Product type

Corporate loans

Taxonomy or methodology used to classify product(s)

Green Bond Principles (ICMA)

Description of product(s)

Funding through development finance institutions, which is disbursed in a “use of proceeds” approach, accounts for 65% of the funding structure of TSKB. 80% of these resources are guaranteed by the Ministry of the Treasury and Finance of the Republic of Türkiye. The Bank works in close cooperation with development finance institutions such as IBRD, EIB, CEB, KfW, AFD, IFC, EBRD, JBIC, OeEB, IsDB, AIIB, and CDB. Each agreement has different requirements and covenants related to the respective theme and taxonomy of the DFIs. Funds obtained through bonds are used to finance green and social projects in line with the Sustainable Finance Framework updated in December 2020. Our framework is compliant with Green Bond Principles (ICMA) and LMA Green Loan Principles. The accumulated know-how in ESG issues is transferred into a subsidiary called Escarus which offers sustainability consultancy services to our clients. In 2021, Escarus provided a comprehensive advisory service to The Foreign Economic Relations Board (DEIK) to support the transition of the industrial sector to a carbon-free economy in line with the expectations of the European Green Deal. Last but not the least, TSKB collaborates with ecorecording under seed ball shoots project which is an emerging afforestation technique adopted worldwide. Noting that, seed balls are most commonly used for ecological restoration, TSKB plans a total of 150 thousand airborne seed ball shoots in a year on behalf of the companies to which the Bank extends loans. Aiming to shoot 100 seeds for each USD 1 Million-loan in compliance with the Sustainable Development Goals (SDGs), TSKB will also increase its support for social entrepreneurs through its cooperation with ecorecording. Since 2020, we have been working with an FMCG company in order to create/improve water awareness in Türkiye via quantifying water stress. Water Index has been updated quarterly and shared with the company under our consultancy services scope.

Product enables clients to mitigate

Deforestation
Water insecurity

Type of activity financed, invested in or insured

Water treatment infrastructure
Wastewater treatment infrastructure
Other, please specify (Pollution prevention Climate adaptation)

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

3000000000

% of total portfolio value

62

Product type

Project finance

Taxonomy or methodology used to classify product(s)

Green Bond Principles (ICMA)

Description of product(s)

Funding through development finance institutions, which is disbursed in a “use of proceeds” approach, accounts for 65% of the funding structure of TSKB. 80% of these resources are guaranteed by the Ministry of the Treasury and Finance of the Republic of Türkiye. The Bank works in close cooperation with development finance institutions such as IBRD, EIB, CEB, KfW, AFD, IFC, EBRD, JBIC, OeEB, IsDB, AIIB, and CDB. Each agreement has different requirements and covenants related to the respective theme and taxonomy of the DFIs. Funds obtained through bonds are used to finance green and social projects in line with the Sustainable Finance Framework updated in December 2020. Our framework is compliant with Green Bond Principles (ICMA) and LMA Green Loan Principles. The accumulated know-how in ESG issues is transferred into a subsidiary called Escarus which offers sustainability consultancy services to our clients. In 2021, Escarus provided a comprehensive advisory service to The Foreign Economic Relations Board (DEIK) to support the transition of the industrial sector to a carbon-free economy in line with the expectations of the European Green Deal. Last but not the least, TSKB collaborates with ecorecording under seed ball shoots project which is an emerging afforestation technique adopted worldwide. Noting that, seed balls are most commonly used for ecological restoration, TSKB plans a total of 150 thousand airborne seed ball shoots in a year on behalf of the companies to which the Bank extends loans. Aiming to shoot 100 seeds for each USD 1 Million-loan in compliance with the Sustainable Development Goals (SDGs), TSKB will also increase its support for social entrepreneurs through its cooperation with ecorecording. Since 2020, we have been working with an FMCG company in order to create/improve water awareness in Türkiye via quantifying water stress. Water Index has been updated quarterly and shared with the company under our consultancy services scope.

Product enables clients to mitigate

Deforestation
Water insecurity

Type of activity financed, invested in or insured

Water supply and sewer networks infrastructure
Water treatment infrastructure
Other, please specify (Pollution prevention Climate adaptation)

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

3000000000

% of total portfolio value

62

FW-FS3.4

(FW-FS3.4) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area	Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	Yes	<Not Applicable>

(FW-FS3.4a) Provide details of the policies which include forests- and/or water-related requirements that clients/investees need to meet.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Forests

Type of policy

Credit/lending policy

Portfolio coverage of policy

99

Policy availability

Publicly available

Attach documents relevant to your policy

TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
TSKB 2021 Integrated Annual Report.pdf

Criteria required of clients/investees

Avoid negative impacts on threatened and protected species and habitats
Commit to no conversion of High Conservation Value areas
Commit to no activities in Ramsar sites.
Adopt the UN International Labour Organization principles
Have transparent and accessible mechanisms to resolve grievances and remediate any adverse impacts on indigenous people and local communities
Comply with all applicable local, national and international laws and regulations

Value chain stages of client/investee covered by criteria

Direct operations only

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Other, please specify (All sectors in the loan portfolio)

Forest risk commodities covered by the policy

All agricultural commodities

Forest risk commodity supply chain stage covered by the policy

Production
Processing
Trading
Manufacturing
Retailing

Exceptions to policy based on

Other, please specify (Finance sector)

Explain how criteria coverage and/or exceptions have been determined

Embedded in our strategy, we have been operating and offering services to our clients in an environmentally and socially responsible manner. We do not finance any projects that do not fulfill our environmental and social criteria. All loans including investment and working capital loans are evaluated via our internal tools named ERET and CRET.

Portfolio

Banking (Bank)

Issue area(s) the policy covers

Water

Type of policy

Credit/lending policy

Portfolio coverage of policy

99

Policy availability

Publicly available

Attach documents relevant to your policy

TSKB-ENVIRONMENTAL-AND-SOCIAL-IMPACT-POLICY.pdf
TSKB 2021 Integrated Annual Report.pdf

Criteria required of clients/investees

Comply with all applicable local, national and international laws and water regulations
Meeting minimum, sector-specific discharge treatment processes
Commit to safely managed Water, Sanitation and Hygiene (WASH) in the workplace
Monitor water withdrawals, discharges and water quality parameters

Value chain stages of client/investee covered by criteria

Direct operations only

Timeframe for compliance with policy criteria

Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy

Other, please specify (All sectors in the portfolio)

Forest risk commodities covered by the policy

<Not Applicable>

Forest risk commodity supply chain stage covered by the policy

<Not Applicable>

Exceptions to policy based on

Other, please specify (Finance sector)

Explain how criteria coverage and/or exceptions have been determined

Embedded in our strategy, we have been operating and offering services to our clients in an environmentally and socially responsible manner. We do not finance any projects that do not fulfill our environmental and social criteria. All loans including investment and working capital loans are evaluated via our internal tools named as ERET and CRET.

FW-FS3.5

(FW-FS3.5) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

	Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain how the covenants included in financing agreements relate to your policies for this issue area	Explain why your organization does not include covenants for this issue area in financing agreements and any plans to address this in the future
Forests	Yes	TSKB, whose 80% of its funding structure and 90% of its loan portfolio are linked to ESG, provides financial support to its customers in many different themes such as energy and resource efficiency, women's employment and equal opportunity, renewable energy, EU Green Deal, circular economy, midcap financing, regional development, industrial development, health and safety, environmental pollution abatement in industry, innovation, social infrastructure including health, education, clean transportation, research development. DFI Funding Funding through DFIs, which is disbursed in a "use of proceeds" approach, accounts for 65% of the funding structure of TSKB, being one of the well-known Turkish banks in the international financial markets. The Bank works in close cooperation with DFIs. Each agreement has different requirements and covenants related to the respective theme. In line with the requirements of the agreement, the information and documents we request from our customers are followed up by our engineering team, and if necessary, independent third-party opinions are taken. Third Sustainable Bond Issuance Following the issuance of the green/sustainable bond in 2016 and the sustainable subordinated bond in 2017, we successfully completed our Third Sustainable Bond Issuance in January 2021. Funds obtained through bonds are used to finance green and social projects according to the Sustainable Finance Framework updated in line with ICMA principles and global trends. SDG Loan Model In 2020, TSKB implemented the SDG Loan Model developed with its subsidiary, Escarus. In this context, with the SDG Evaluation Tool, the performance of companies in the social, economic, and environmental areas is evaluated and action plans are determined. In the final stage of the process, companies are offered improved financing costs depending on their assessed impacts. Working Capital Loans ERET Besides the investment loans, Our Bank monitors the environmental and social impacts and performance of its customers which it has granted working capital loans. In 2021, environmental and social risk assessments were carried out within the scope of a total of 62 investment loans and 42 working capital loans. E&S Action Plans have been drawn up for these loans and their implementation is followed up. In addition, with the climate change focus, CRET was developed, pilot applications were completed, and started to submit to the Credit Evaluation Committee.	<Not Applicable>
Water	Yes	TSKB, whose 80% of its funding structure and 90% of its loan portfolio are linked to ESG, provides financial support to its customers in many different themes such as energy and resource efficiency, women's employment and equal opportunity, renewable energy, EU Green Deal, circular economy, midcap financing, regional development, industrial development, health and safety, environmental pollution abatement in industry, innovation, social infrastructure including health, education, clean transportation, research development. DFI Funding Funding through DFIs, which is disbursed in a "use of proceeds" approach, accounts for 65% of the funding structure of TSKB, being one of the well-known Turkish banks in the international financial markets. The Bank works in close cooperation with DFIs. Each agreement has different requirements and covenants related to the respective theme. In line with the requirements of the agreement, the information and documents we request from our customers are followed up by our engineering team, and if necessary, independent third-party opinions are taken. Third Sustainable Bond Issuance Following the issuance of the green/sustainable bond in 2016 and the sustainable subordinated bond in 2017, we successfully completed our Third Sustainable Bond Issuance in January 2021. Funds obtained through bonds are used to finance green and social projects according to the Sustainable Finance Framework updated in line with ICMA principles and global trends. SDG Loan Model In 2020, TSKB implemented the SDG Loan Model developed with its subsidiary, Escarus. In this context, with the SDG Evaluation Tool, the performance of companies in the social, economic, and environmental areas is evaluated and action plans are determined. In the final stage of the process, companies are offered improved financing costs depending on their assessed impacts. Working Capital Loans ERET Besides the investment loans, Our Bank monitors the environmental and social impacts and performance of its customers which it has granted working capital loans. In 2021, environmental and social risk assessments were carried out within the scope of a total of 62 investment loans and 42 working capital loans. E&S Action Plans have been drawn up for these loans and their implementation is followed up. In addition, with the climate change focus, CRET was developed, pilot applications were completed, and started to submit to the Credit Evaluation Committee.	<Not Applicable>

FW-FS4.1

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

	We engage with clients/investees on this issue area	Explain why you do not engage with your clients/investees on the issue area and any plans to address this in the future
Clients – Forests	Yes	<Not Applicable>
Clients – Water	Yes	<Not Applicable>
Investees – Forests	<Not Applicable>	<Not Applicable>
Investees – Water	<Not Applicable>	<Not Applicable>

FW-FS4.1a

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

Type of clients

Clients of Banks

Issue area this engagement relates to

Forests

Type of engagement

Education/information sharing

Details of engagement

Engage with clients on measuring exposure to forests-related risk
Other, please specify (Trainings to raise awareness)

Portfolio coverage of engagement

100

Rationale for the coverage of your engagement

Engagement targeted at clients with increased forest-related risks

Impact of engagement, including measures of success

We engage with our clients and policy-makers. Our engagement with clients not only includes the loan evaluation process but also awareness-raising training in which we do presentations and inform our clients. In 2021, we have attended the Water Council which is organized by the Ministry of Environment, Urbanization and Climate Change. During the event, we have been responsible for the training side. Accordingly, we have shared our know-how with other attendants. Awareness creation leads to better ESG performance, less funding costs, and also has a minimizing effect on improving resource efficiency.

Type of clients

Clients of Banks

Issue area this engagement relates to

Water

Type of engagement

Education/information sharing

Details of engagement

Engage with clients on measuring exposure to water-related risk
Other, please specify (Trainings to raise awareness)

Portfolio coverage of engagement

100

Rationale for the coverage of your engagement

Engagement targeted at clients with increased water-related risks

Impact of engagement, including measures of success

We engage with our clients and policy-makers. Our engagement with clients not only includes the loan evaluation process but also awareness-raising training in which we do presentations and inform our clients. In 2021, we have attended the Water Council which is organized by the Ministry of Environment, Urbanization and Climate Change. During the event, we have been responsible for the training side. Accordingly, we have shared our know-how with other attendants. Awareness creation leads to better ESG performance, less funding costs, and also has a minimizing effect on improving resource efficiency.

FW-FS4.3

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

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain	Agricultural commodity	Primary reason for not providing finance and/or insurance to smallholders	Explain why your organization does not provide finance/insurance to smallholders and any plans to change this in the future
Row 1	No, and we do not plan to in the next two years	<Not Applicable>	Other, please specify (We do not offer microfinance.)	Our mission is to support sustainable and inclusive development of the Turkish private sector. We have long-term business model financing medium and long-term investment projects. We do not offer microfinance. Our risk profile is mostly composed of blue-chip companies.

FW-FS4.4

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

	Direct or indirect engagement that could influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	Yes, we engage directly with policy makers	<Not Applicable>	<Not Applicable>
Water	Yes, we engage directly with policy makers	<Not Applicable>	<Not Applicable>

FW-FS4.4a

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

Issue area(s)

Forests

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

Circular economy
Sustainable finance
Verification and audits

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

We have participated in the consultation processes of the Republic of Türkiye Sustainable Finance Framework and BRSA Sustainable Banking Strategy as well as attended BRSA's workshops on green asset ratio. To note, there are also ongoing talks with state authorities and BRSA regarding the potential investments related to EU Green Deal and Circular Economy principles. TSKB is the chair of the Banks Association of Türkiye Sustainability Working Group. In this context, our bank coordinated the update process of the "Sustainability Guide for the Banking Sector", which was published in 2014, and includes good practices of the contribution of the banking and financial sector to sustainable development. The updated guide was published in March 2021. In addition, the TBA Sustainable Finance Working Group and BRSA are working on the preparation of heat map methodologies on climate risks and preparing a guideline on "Green Asset Ratio" by taking the international regulations as a benchmark. TSKB will continue to be a part of these studies and increase its contribution to the Working Group in order to develop a common sustainable finance understanding in the finance sector.

Policy, law or regulation coverage

National

Country/region the policy, law or regulation applies to

Turkey

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

Support with no exceptions

Description of engagement with policymakers

We monitor national and global regulations and best practices in the market very closely and we are always in an effort of contributing to the new regulatory preparations of the local authorities. In 2021, we have attended the Climate Council and Water Council organized by public authorities.

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

<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the Sustainable Development Goals?

Yes, we have evaluated, and it is aligned

Issue area(s)

Water

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

Please select

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

We have participated in the consultation processes of the Republic of Türkiye Sustainable Finance Framework and BRSA Sustainable Banking Strategy as well as attended BRSA's workshops on green asset ratio. To note, there are also ongoing talks with state authorities and BRSA regarding the potential investments related to EU Green Deal and Circular Economy principles. TSKB is the chair of the Banks Association of Türkiye Sustainability Working Group. In this context, our bank coordinated the update process of the "Sustainability Guide for the Banking Sector", which was published in 2014, and includes good practices of the contribution of the banking and financial sector to sustainable development. The updated guide was published in March 2021. In addition, the TBA Sustainable Finance Working Group and BRSA are working on the preparation of heat map methodologies on climate risks and preparing a guideline on "Green Asset Ratio" by taking the international regulations as a benchmark. TSKB will continue to be a part of these studies and increase its contribution to the Working Group in order to develop a common sustainable finance understanding in the finance sector.

Policy, law or regulation coverage

National

Country/region the policy, law or regulation applies to

Turkey

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

Support with no exceptions

Description of engagement with policymakers

We monitor national and global regulations and best practices in the market very closely and we are always in an effort of contributing to the new regulatory preparations of the local authorities. In 2021, we have attended the Climate Council and Water Council organized by public authorities.

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

<Not Applicable>

Have you evaluated whether your organization's engagement is aligned with the Sustainable Development Goals?

Yes, we have evaluated, and it is aligned

FW-FS5.1

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

	We measure our portfolio impact on this issue area	Explain how your organization measures its portfolio impact on this issue area, including any metrics used to quantify impact	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Banking – Impact on Forests	Yes	We have internal tools to assess the environmental and social risks of projects/loans and integrate these factors into our loan evaluation process via ERET and CRET. ERET is the abbreviation of Environmental and Social Risk Assessment Model which is applied not only to investment loans but also to working capital loans. In light of the project evaluation results, issues to be managed and the actions to be taken are determined and communicated to the investors. Lending begins when all of these processes have been completed and the project risk management plan has been prepared. The annual evaluation results of the ERET Model are publicly reported on our website. At the start of the loan process, the relevant project plans are monitored by our engineers or independent environmental and social consultants. We meticulously monitor the implementation of these plans and manage the environmental and social risks of the projects it finances. The ERET Model is also in line with the criteria in the Equatorial Principles, which are based on standards of the IFC and the World Bank and implemented by banks operating in developed economies. Another important tool that was developed internally is Climate Risk Evaluation Tool (CRET) which integrates climate risks into the loan evaluation process. To assess the water stress, the data of the WRI Aqueduct is used. In addition, as one of the signatories of UNEP-FI Responsible Banking, we started to report our progress each year via our Annual Integrated Report in 2020. We use UNEP FI Portfolio Impact Analysis Tool for Banks to determine the positive and negative impacts of the financed sectors. Having set the relevant targets to mitigate negative impacts while enhancing the positive ones, we also disclose our performance via KPIs	<Not Applicable>	<Not Applicable>
Banking – Impact on Water	Yes	We have internal tools to assess the environmental and social risks of projects/loans and integrate these factors into our loan evaluation process via ERET and CRET. ERET is the abbreviation of Environmental and Social Risk Assessment Model which is applied not only to investment loans but also to working capital loans. In light of the project evaluation results, issues to be managed and the actions to be taken are determined and communicated to the investors. Lending begins when all of these processes have been completed and the project risk management plan has been prepared. The annual evaluation results of the ERET Model are publicly reported on our website. At the start of the loan process, the relevant project plans are monitored by our engineers or independent environmental and social consultants. We meticulously monitor the implementation of these plans and manage the environmental and social risks of the projects it finances. The ERET Model is also in line with the criteria in the Equatorial Principles, which are based on standards of the IFC and the World Bank and implemented by banks operating in developed economies. Another important tool that was developed internally is Climate Risk Evaluation Tool (CRET) which integrates climate risks into the loan evaluation process. To assess the water stress, the data of the WRI Aqueduct is used. In addition, as one of the signatories of UNEP-FI Responsible Banking, we started to report our progress each year via our Annual Integrated Report in 2020. We use UNEP FI Portfolio Impact Analysis Tool for Banks to determine the positive and negative impacts of the financed sectors. Having set the relevant targets to mitigate negative impacts while enhancing the positive ones, we also disclose our performance via KPIs. On an annual basis, we conduct case studies on our hydropower plants to analyze the efficiency and impact of drought on our projects.	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner) – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS5.2

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

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported	Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity
Lending to companies operating in the timber products supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the palm oil products supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cattle products supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the soy supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the rubber supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cocoa supply chain	No	<Not Applicable>	<Not Applicable>
Lending to companies operating in the coffee supply chain	No	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS6.1

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

Publication

In a voluntary sustainability report

Status

Complete

Attach the document

Integrated Annual Report – 2021 and Climate Risk Report – 2020

TSKB Climate Risk Report.pdf

TSKB 2021 Integrated Annual Report.pdf

Page/Section reference

Integrated Annual Report – 2021 Natural Capital

Content elements

Governance

Strategy

Risks and opportunities

Response to forests- and/or water-related risks and opportunities

Comment

TSKB has holistic governance and reporting structure, having integrated all ESG issues into its business model, decision-making, and communication mechanisms. One of the most important communication tools is Integrated Annual Report which is prepared by the Reporting Working Group. The Reporting Working Group is responsible for publications as well as the Carbon Disclosure Project (CDP) Climate Change Report and the UNEP FI Principles for Responsible Banking Progress Report. To that end, it closely follows local and global best practices, and the latest developments and observes highly-recognized international standards.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms